



# FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 29,394

Saturday August 11 1984

\*\*\*35p



**Britannia Jersey Gilt Fund Limited**  
P.O. Box 71, St. Helier, Jersey, G.I.  
Telephone: 0534 73114

**SAVINGS AND INVESTMENTS**  
**The limitations of holiday insurance**  
p7

**TRAVEL**  
**Steaming through Rajasthan**  
p9

**FEATURES**  
**BRITISH INDUSTRY**  
**The wave of summer bids**  
p14  
**THE POP MUSIC INDUSTRY**  
**Can Frankie go to Hollywood?**  
p15

**ARTS**  
**p12**  
**Preview of the Edinburgh Festival**

**MONTE CARLO, ATHENS, LISBON**  
**From our own correspondent**  
p11

**WORLD NEWS**

## RN dockyard job cuts accelerated

The Defence Ministry is to accelerate job cuts at Royal Navy dockyards at Devonport and Rosyth, Fife, in the run-up to offering dockyard refit work on naval vessels to the private sector and British shipbuilders.

The Ministry said yesterday that 400 of Devonport's 13,500 civilian jobs, and 115 of Rosyth's 8,000, are to go by April. Devonport was originally due to lose only 200 by then.

The unions are to object. SDP leader Dr David Owen, MP for Plymouth Devonport, attacked the plans. Page 3.

### Bonn upset at Tornados

West Germany is upset at the planned sale by Britain to Saudi Arabia of 40 Tornado combat aircraft. Page 2.

### Egypt warns Iran

Egypt warned Iran that its ships would be banned from the Suez Canal if it was proved to have been responsible for mining the Gulf of Suez. Page 2.

### Dialogue defended

East Germany's Communist Party newspaper published a defence of dialogue with the West, as Moscow stepped up its attack on closer links between East Berlin and Bonn.

### Heseltine raps Labour

Defence Secretary Michael Heseltine rapped Labour's non-nuclear defence policy statement as "a sellout of British interests". Page 3.

### Policeman shot dead

A police detective escorting a cash delivery to a post office in Co Meath, Ireland, was shot dead in a £200,000 raid. Police suspect the IRA.

### Wave kills seamen

Two seamen were killed and four badly hurt when a freak wave hit a Royal Fleet Auxiliary oil tanker in the South Atlantic, the Defence Ministry said.

### Arms supply resumed

Nicaragua's government has this year resumed shipments of arms to left wing insurgents in El Salvador, Latin American diplomats said.

### Race riots near Boston

City officials in Lawrence, 30 miles from Boston, are considering a curfew after two days of street violence between whites and Hispanics.

### Macau to vote

Macau's mainly Chinese population will vote next week for the first time. The Portuguese territory, near Hong Kong, is to return to China eventually.

### England trailing

England were all out for 162 in reply to West Indies' 190 and West Indies were 15-0 after the second day of the Fifth Test at the Oval.

### Olympics special

The Games end tomorrow with the marathons—and one of the best fields ever assembled, Michael Thompson-Noel reports. Page 13.

### MARKETS

#### POLLAR

New York luncheon:  
DM 8.90675  
FF 8.9015  
SwFr 2.442  
Y242.525

#### LONDON:

DM 2.8757 (2.868)  
FF 5.8805 (5.8825)  
SwFr 2.421 (2.416)  
Y242.55 (242.3)

#### Trade Weighted 137.2 (137.3)

Tokyo close Y242.15

#### U.S. LUNCHEON RATES

Fed Funds: 11.50%  
3-month Treasury Bills 10.35%  
Long Bond: 101.08  
yield: 13.11

#### GOld:

New York Comex August latest \$349.2  
London: £245.5

Other price changes, Back Page

### BUSINESS SUMMARY

## Australia in steel accord with China

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

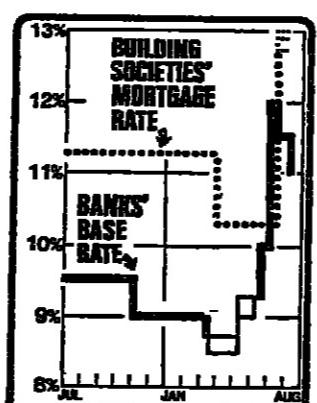
THE LONDON financial and stock markets ended the week with a burst of optimism yesterday as clearing banks cut their base lending rates a further half percentage point to 11 per cent and sentiment in the U.S. market remained buoyant.

Gilt edged security prices surged ahead by up to three points before falling back somewhat as a result of profit-taking and the equity market also moved strongly ahead with the FT Industrial Ordinary Share Index 19.2 points higher at 846.3.

The Bank of England took the opportunity to announce the issue of a £750m medium-dated convertible stock which offers tax exemption to foreign holders.

The second half percentage point cut in base rates in two days by all the leading banks followed a strong signal from the Bank of England on Thursday that it wanted base rates to fall to 11 per cent.

However, there seems no immediate chance of a matching cut in the building societies' recommended mortgage interest rate from its present level of 12½ per cent. The societies, which suffered a decline in the flow of savings last month, said that base rates would have to



come down to 10½ per cent or less before they could consider cutting their rates.

The foreign exchange markets seemed untroubled by the two-stage drop in base rates from the 12½ per cent level reached a month ago.

Sterling and the dollar both closed little changed in London yesterday, with the index of the pound's value against a trade weighted basket of currencies as land only 0.1 point down at 78.5 at the London close.

Meanwhile the London money markets were pointing cautiously to even lower inter-

est rates. Interbank rates were generally easier with the 3-month interbank rate ½ percentage point lower than on Thursday at 10½ per cent.

The average discount rate at the weekly auction of Treasury Bills fell from 11.26 per cent last week to 10.04 per cent yesterday. On the now discontinued formula for fixing base lending rates that would suggest a base rate of 10½ per cent rather than 11 per cent.

However, the indications in Whitehall yesterday were that the authorities intend to pause at least for several days, before their next move.

Although they would like base rates to be back at 10 per cent by the end of the summer they seem unprepared to push rates downward if there is any sign of a serious slide in sterling's trade weighted value.

The City, which was surprised by the vigour of this week's moves by the authorities, would probably also welcome a pause for breath.

Mr Ian Harwood, economist for the broker Rowes and Pitman, said: "I am surprised that

Continued on Back Page

Background, Page 3; Receipts

Front, Page 4; Editorial Com-

mment, Page 14; Money Mar-

kets, Page 19; Lex, Back Page

## Jaguar in 'perfect' launch

BY ALISON HOGAN

Jaguar shares were priced a modest 1½p above their 165p opening figure when dealings began on the Stock Exchange yesterday morning.

Conditions were described as "absolutely perfect" by the company's brokers, Cazenove Laing & Cruickshank. Stags who had rushed to buy the shares in the hope of making a quick profit, however, were disappointed.

Mr Randall, chairman of Racal, described Chubb's move as "unwanted and unsolicited."

Racal is offering three of its own shares, priced last night at 235p after a 1½p fall, and £5 nominal of 7 per cent convertible unsecured loan stock 2009/4 for every five Chubb shares.

The terms value each Chubb share at 241p but the market had begun to anticipate a rival offer and had marked Chubb 61p higher at 253p at the close.

"There was nothing we could do, but we hope that the share price does not go shooting off and that they will come back and buy some shares in the market," he said.

Trading began briskly at 9.30am. Brokers had been allowed on to the floor ten minutes earlier and they rapidly began crowding around jobbers' pitches identified with a striped umbrella and two statues of crouching jaguars.

Two-way trading continued all day and about 25 per cent of the 178m shares issued changed hands. The price rose to 181p before closing at 179p. Further heavy trading is expected next week.

Mr Michael Beaumont of stockbrokers Grievson, Grant said the price was expected to edge ahead a little more next week and in a month's time could, he believed, settle at about the 190p to 200p range.

"We dealt in well over one million shares for private clients today. There was strong overseas interest, particularly from the Continent, and some from the Far East," Mr Beaumont said.

Speculators were surprised by the tough measures taken by Jaguar's advisers, Hill Samuel, the merchant bank, and Barclays Bank newts department — against multiple applications.

"I don't remember them being so tough before," said one stag.

Last minute rejection of some suspected multiple applications

Continued on Back Page

Feature, Page 14

## Racal in £146m bid for Chubb

BY RAY MAUGHAN

RACAL, the defence and data communications group, yesterday maintained the momentum of bids in the electronics industry as it launched an offer worth £146m for Chubb & Sons, the lock and safe manufacturer. Two other international companies immediately made tentative approaches to Chubb once the terms had been disclosed.

Mr Randall, chairman of Racal, described Chubb's move as "unwanted and unsolicited."

Racal is offering three of its own shares, priced last night at 235p after a 1½p fall, and £5 nominal of 7 per cent convertible unsecured loan stock 2009/4 for every five Chubb shares.

The terms value each Chubb share at 241p but the market had begun to anticipate a rival offer and had marked Chubb 61p higher at 253p at the close.

"Chubb has been the subject of periodic bid rumours. The most recent bout of speculation has been gathering force since July 27 when the share price was almost 100p lower than now. The pressure had intensified by the middle of this week, when Chubb held its annual meeting, but although the group had uncovered a 2m share stake advised by Smith Brothers, the stockjobbing firm, Mr Randall said he could not identify the source of any impending offer.

Racal already holds a 4.99 per cent stake in Chubb, it would have been forced under Stock Exchange rules to disclose a greater shareholding — and has started pressing forward with an offer which, Mr David Elsbury, Racal's deputy chief executive said yesterday, "offers the biggest business opportunities Racal's ever had, more than Decca (the navigation equipment group acquired in 1980), more than data communications and more than cellular radio" (the £100m mobile telephone investment which comes on stream next spring).

"The sales target this year is £1bn, up from £81.8m, and turnover in the first six months is expected to be fully consistent with that aim."

Senior executives from Standard Telephones and Cables and ICL, the computer group, were continuing negotiations last night over STC's proposed £400m-plus takeover of ICL.

Background, Page 14; Lex, Back Page

## Miners' delegates reject offer and tighten discipline

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE National Union of Miners' special delegate conference of Sheffield yesterday endorsed the union leaders' recommendation of the National Coal Board's last offer with a view to end the pit dispute. The conference agreed to a change in the NUM's Rule 51, which provides for increased disciplinary powers over members who flout union rules.

The conference was relatively low-key. It merely accepted the report of the union's national officials that the board's offer would mean the closure of pits on grounds that they were uneconomic. Mr Arthur Scargill, the NUM president, said afterwards that the union would never concede this and that the strike should continue.

The conference decision was greeted with another call from Mr Peter Walker, the Energy Secretary, for a national ballot of miners and a renewed plea from Mr Ian MacGregor, the NCB chairman, for them to return to work.

"Because the leaders of the NUM have again refused to consult their individual members about the offer we put forward last month, I am sure that more miners will decide

to demand it be used to expel from the union officials who are at work in the pits.

The board said that small numbers of miners — just one man in some cases — were returning to some Scottish pits yesterday.

The position of Scotland, where the NCB is exerting maximum pressure to produce a return to work, is causing some concern among militant miners. A crack in union coherence there would hurt badly the solid unity of the militant areas of Scotland, South Wales, Yorkshire and Kent.

Mr Denis Murphy, the union's Northumberland area president, had complained bitterly at the executive meeting about the use of safety men to take care of pits. He and his Durham counterparts have refused to send any more pickets to Scotland to restore declining numbers of pickets there.

Mr Murphy said yesterday that Mr Mick McGahey, the Scottish area president and the national vice-president, had given an assurance that safety men would be withdrawn where working miners were introduced.

Mr Scargill, invited repeatedly at a news conference after the delegate meeting to condemn recent cases of violence and

Continued on Back Page

Background, Page 14

Lex, Back Page

## Clyde dispute raises dock strike fear

BY BRIAN GROOM, LABOUR STAFF

BSC, the TGWU and the Clyde Port Authority failed yesterday to agree on a restricted coal quota for Ravenscraig. According to union officials, the TGWU said the figure must be well below the 18,000 tonnes a week mentioned in an earlier deal, but BSC held out for 23,000 tonnes.

The corporation said it needed the coal urgently. The Ostia is believed to be carrying special coal required for blending with stockpiles to make them usable.

BSC and the port authority said they were drawing up plans for action which they believed would not breach the statutory national dock labour scheme. They will put their ideas to the local dock labour board — possibly on Monday — in the hope that its legality would be confirmed. The Ostia is unlikely

to be docked before then.

The plans were not disclosed but they are understood to involve omitting the part of the unloading process normally carried out by registered dockers. The TGWU contests the legality of this.

Under local agreements, dockers normally shift coal into the centre of a hold where it is lifted out by

## OVERSEAS NEWS

# Bonn upset over plan for Saudis to buy Tornados

BY RUPERT CORNWELL IN BONN

WEST GERMANY is upset at the possible sale by Britain to Saudi Arabia of 40 Tornados, the multi-role combat aircraft which it manufactures with Italy and the UK.

Bonn's anxiety about a deal—which does not appear to have been finalised—stems from its implications for West Germany's commitment not to sell arms to trouble-spots like the Middle East, and its ever delicate relations with Israel.

The loudest criticism came this week from the opposition SPD, Social Democrat party. Frau Annemarie Reigner, the SPD vice-president of the Bundestag, called on the centre-right Government here to press London to call off the sale.

The ability of the Tornado to strike at Israeli territory from bases in Saudi Arabia could alter the military balance in the Middle East, she said.

For all its unease—and in spite of the fact that finished

## Right-wing parties form front to fight Gandhi

By K. K. Sharma in New Delhi

THREE Right-wing parties yesterday formed a united front to fight the next general election in India in opposition to Mrs Indira Gandhi's ruling Congress Party. The election has to be held before next January.

It is understood the Tornados would be delivered to Saudi Arabia out of the 385 which are due for delivery to the RAF before 1989. The aircraft involved, according to reports here, are the air-to-ground version of the plane.

The controversy highlights the problems which can arise over exports of equipment produced jointly by more than one country.

However, West German chagrin probably also reflects its inability to conclude the long-rumoured sale of Leopard II battle tanks to Saudi Arabia, largely thanks to intense pressure from Israel.

Israel's Embassy here denied it had issued any formal warning over the possible Tornado sale at Riyadh.

## East Germany Defends dialogue with the West

EST BERLIN—East Germany yesterday published a top-level defence of dialogue with the West, despite strong Soviet attacks on its efforts to improve relations with Bonn.

Herr Herbert Haeber, East Germany's senior expert on relations with West Germany, was quoted by the Communist Party newspaper Neues Deutschland as calling for a return to "peaceful economic and political relations through dialogue."

"It must be the aim of every sensible policy to stop re-armament and oppose confrontation and turn the wheel back towards disarmament and detente," said Herr Haeber, a member of the Communist Party's ruling Politburo.

His comments were published Reuter

## China steps up efforts to woo Saudi Arabia

BY MARK BAKER IN PEKING

CHINA has stepped up its efforts to establish diplomatic relations with Saudi Arabia—one of the last significant countries to still recognise Taiwan.

Prince Talal bin Abdul Aziz, brother of King Fahd, has accepted an invitation to visit China in the autumn.

The visit will be the most important contact between the two countries since Prince Saad al-Faisal, Foreign Minister visited China as part of an Arab League delegation in December 1982.

While Prince Talal will be in his capacity as a special envoy of the United Nations Children's Fund (UNICEF), China is emphasising the diplomatic significance of hosting such a senior member of the Saudi Royal Family.

The official Chinese News Agency, Xinhua, has quoted the Prince as comparing his visit with the "ping-pong" diplomacy which presaged the establishment of diplomatic relations between China and the U.S.

Prince Talal and the Chinese Ambassador to the United Nations, Mr Ling Qin, held a joint Press conference on Thursday to announce the visit—at the offices of the Chinese mission to the UN in New York.

Asked whether his China visit carried prospects for improved bilateral relations, Prince Talal is reported by Xinhua as saying: "The relations between China and the

U.S. were started by a team of ping-pong players, wasn't that true?"

Ambassador Ling used the Press conference to press China's wish for Saudi Arabia to switch diplomatic recognition from Taipei to Peking.

China would like to normalise or establish diplomatic relations with any countries on the principles of peaceful co-existence. Certainly that includes Saudi Arabia," he said.

One of the priorities of Chinese diplomacy is to erode the remaining international recognition of Taiwan.

Informal contacts between Peking and Riyadh have been developing over the past three years.

The Chinese are particularly interested in expanding their influence in the Middle East, where they already have strong ties with Egypt and Jordan, and back the PLO. Saudi Arabia is the last significant Arab state not to recognise Peking. China also sees important commercial advantages in establishing diplomatic relations with Saudi Arabia.

While China buys virtually nothing from the Saudis, it is exporting goods worth about \$30bn a year to them, via Hong Kong. The ability to trade directly would certainly improve that market and enable China to export labour and bid for construction projects as it does in other Middle Eastern countries.

## 'Immense challenge' for Ecuador's new leader

Sr LEON FEBRES CORDERO, who was yesterday due to take over as Ecuador's 75th President, has acknowledged that the country faces an immense challenge in its economic crisis. AP reports from Quito. The 53-year-old millionaire-industrialist said he would begin his four-year term by starting to rebuild the country while "making everything more fair."

Sr Febres Cordero was due to be inaugurated before the leaders of five Latin American nations and officials of 70 other countries, including the U.S. Vice-President, Mr George Bush.

"I know the people expect a hard road. The challenge is immense," the President-elect told a news conference before his inauguration. He said a regime of austerity would be necessary to improve life for the country's 9m people.

Ecuador's gross national product fell 3.3 per cent last year and its foreign debt climbed to \$6.5bn (£3.3bn). Its current inflation rate of about 25 per

cent a year is far below the rest of Latin America.

Sr Febres Cordero won the presidency in a May 6 run-off with Social Democrat Rodrigo Borja after Sr Borja won the first round, which eliminated half a dozen other candidates in January.

He succeeds Sr Osvaldo Hurtado, a centre-leftist who as Vice-President came to office after Sr Jaime Roldos, the country's first elected President in a decade, was killed in a 1981 plane crash.

Sr Febres Cordero is due to meet Mr Bush and Presidents Raúl Alfonsín of Argentina, Belisario Betancur of Colombia, Jaime Lusinchi of Venezuela, Hernán Siles Suazo of Bolivia and Jorge Illescas of Panama in private talks today.

The head of Peru's delegation, Senate president Sr Manuel Ulloa, said on Thursday that he expected conversations with the new President to centre on Latin America's \$35bn foreign debt.

Sr Febres Cordero is due to meet Mr Bush and Presidents Raúl Alfonsín of Argentina, Belisario Betancur of Colombia, Jaime Lusinchi of Venezuela, Hernán Siles Suazo of Bolivia and Jorge Illescas of Panama in private talks today.

The Dutch Government's mission is to protest against unitary taxation, the practice under which some U.S. states, tax multinational concerns on a share of their worldwide profits.

Shamir claims Peres' efforts will fail

Caretaker Prime Minister Yitzhak Shamir told an Israeli newspaper yesterday that Labour leader Shimon Peres's efforts to form a coalition would fail. Reuter reports from Tel Aviv.

In an interview with the newspaper Ha'aretz, Mr Shamir also reiterated that his Right-wing Likud bloc would not compromise on major issues to help establish a national unity coalition.

# Egypt threatens to bar ships from Canal

By TONY WALKER IN CAIRO

EGYPT has warned Iran through a third party that if it proves responsible for the explosions in the Gulf of Suez and the Red Sea, ships are liable to be stopped from using the Suez Canal. The semi-official Al Ahram newspaper reported the warning yesterday, but gave no clue as to whom the third party might be.

Meanwhile, President Hosni Mubarak has told reporters in Yugoslavia, where he has been on a state visit, that Egypt will deny passage to any ship that threatens the security of the canal. He said Egypt had this

right under the 1888 Constantinople Convention.

The Egyptian President made it clear that Cairo would exercise its rights to search any suspicious vessel and stop it passing through the Suez Canal. His remarks indicate Egypt has been stirred into anger over what some Egyptian officials are describing as a new brand of international terrorism.

Al Ahram, in an article signed by its editor in chief, Mr Ibrahim Nafeh, accuses Iran and Libya of responsibility for the mining of the Gulf of Suez and Red Sea, damaging at least

12 ships since July 9.

The paper noted that a Libyan ship loaded with weapons for Ethiopia passed through the canal from Port Said to the Gulf of Suez on July 7 just before the first explosion hit a Soviet ship as it entered the Gulf of Suez. Iranian vessels also passed through the canal in July.

The tone of the Al Ahram article is particularly accusatory towards Libya, which it reported sent an envoy to Cairo early in July to improve Egyptian-Libyan relations.

"Speaking from our bitter experience with Libya, every at-

tempt at reapproachment with Egypt to be conveyed by an extraordinary envoy arriving from Tripoli is usually a prelude for an act against the stability and safety of the region," Al Ahram commented.

Egypt's leaders have stopped short of directly blaming Iran and Libya for mining the Gulf of Suez and the Red Sea, but yesterday's Al Ahram article strongly reflects the official view that either Iran or Libya is responsible and possibly both.

Al Ahram noted that from the

very beginning, Egypt decided to avoid sensational reporting of these strange explosions to avoid causing panic among the ships which transit the canal.

Red Sea went beyond the stage of disturbing the ships into another stage which is more dangerous and began to affect the security and safety of the Red Sea countries."

As yet there have been no indications from the Gulf of Suez of Egyptian minesweepers assisted by U.S. mine warfare experts having located an unexploded mine, which would assist identification of which country or organisation might be responsible.

## Wholesale prices in U.S. rise slightly

By Reginald Dale, U.S. Editor, in Washington

U.S. WHOLESALE prices rose by a modest 0.3 per cent in July as food costs turned upwards but energy prices declined. The increase, slightly higher than expected by private economists, followed three months in which the producer price index had been at a virtual standstill.

Although yesterday's increase was the largest since March's 0.4 per cent, Government and private analysts said it showed inflation still running at an extremely low rate. The index rose at an annual rate of only 2.9 per cent in the first seven months of the year, the Labour Department said yesterday.

With less than three months before the U.S. elections, the report was good news for President Reagan. It suggested that consumer prices should continue to rise at only a slow pace in the pre-election period.

The overall food index for July rose 1.4 per cent, the most since January, fulfilling longstanding predictions of higher meat prices by Agriculture Department economists. Energy prices, on the other hand, fell by 1.7 per cent with petrol 3.1 per cent cheaper and fuel oil down by 1.1 per cent.

## People Express in new fare war

By William Hall in New York

PEOPLE EXPRESS, the cut-price U.S. airline, has precipitated a major price war on the Chicago to New York route, one of North America's busiest, by announcing plans to undercut the established operators by more than two-thirds.

People Express has announced that it will offer a one-way peak fare between Chicago and Newark, which is across the river from New York, of \$79 (\$60) and an off-peak fare of \$59 one way. This compares with a standard \$258 one-way fare on its two major carriers, American Airlines and United Airlines, which together offer 48 daily round-trip flights between Chicago and New York.

United Airlines, the biggest carrier in the U.S., has said it will match People Express' fares on the Chicago-Newark route and has also cut fares to the other New York area airports.

People Express, which has squeezed margins in other formerly lucrative U.S. airline markets, will start its service on August 22 with five round trips a day. This will be doubled by early September, with the prospect of up to 12 or 13 round trips a day shortly afterwards.

## Open season for TV stations delayed

The U.S. Federal Communications Commission (FCC), has delayed for at least six months the introduction of new rules greatly expanding the number of TV stations which can be controlled by a single owner, in the face of growing congressional opposition. William Hall reports from New York.

In response to Congressional concern that the move would concentrate too much power in the hands of the big TV networks, the FCC has agreed to delay the introduction of the new rule.

The commission has 787 stations with 5 or 7½ per cent of each of the capital. They include the World Bank's International Finance Corporation, the Union Bank of Switzerland, Credit Lyonnais, and Britain's Investment in Industry. Nevertheless 100 or so private Portuguese shareholders dominate SPI's capital.

The dossiers of five of the nine foreign banks who have formally applied to open Portuguese branches have now been vetted by the Bank of Portugal and handed to Sr Mario Soares' Cabinet for a final decision.

They are Chase Manhattan Bank, Citibank, Manufacturers Hanover Trust, Banque Nationale de Paris, and Societe Generale de Banque (Belgium).

It is not yet clear whether all will be authorised at once,

## Spain revises forecast of tourist income upwards

By TOM BURNS IN MADRID

SPAIN'S forecast income from tourism has been revised upwards and should be \$5bn (£3.1bn) by December, 500m on the original estimate.

Officials say the record number of visitors in Spain in July, together with signs that the trend started in April will continue for the rest of the year, prompted the revision.

Officials yesterday predicted that a total number of 44m visitors will have entered Spain by the end of the year. If the large communities of Moroccans and Portuguese workers have been given a degree of special regional autonomy with the setting up of the parliament by the Mitterrand administration in 1982. It was a move to counter separatist movements which have been responsible for continued violence over the past few years. But the assembly was dissolved by the Paris government in June.

This contrasts with the previous lower limit of 1.6 per cent which led to 17 different groups being represented in the first assembly and hindered its effectiveness.

The latest elections, two years after the first regional poll, are designed to give the islanders a fresh start.

The elections to the 61-seat assembly, in which 200,000 Corsicans are eligible to vote, will be carried out under a new proportional system under which only parties with more than 5 per cent of the vote will win representation.

This contrasts with the previous

## SPI application delays Portugal banks ruling

By DIANA SMITH IN LISBON

AUTHORISATIONS for foreign banks to open branches in Portugal are being delayed for a few weeks to allow the Bank of Portugal to vet the application of the first few Portuguese candidates for a banking licence since 1975.

Sociedade Portuguesa de Investimento (SPI), which became Portugal's first private investment company in October 1981, recently applied to convert itself to an investment bank.

This pleased the financial authorities, who have always hoped private Portuguese capital would not let foreign institutions be the only new arrivals on a scene dominated by nationalised banking since the 1974 revolution.

In fact the Oporto-based SPI has strong foreign share-

holders with 5 or 7½ per cent each of the capital. They include the World Bank's International Finance Corporation, the Union Bank of Switzerland, Credit Lyonnais, and Britain's Investment in Industry.

Nevertheless 100 or so private Portuguese shareholders dominate SPI's capital.

The dossiers of five of the nine foreign banks who have formally applied to open Portuguese branches have now been vetted by the Bank of Portugal and handed to Sr Mario Soares' Cabinet for a final decision.

They are Chase Manhattan Bank, Citibank, Manufacturers Hanover Trust, Banque Nationale de Paris, and Societe Generale de Banque (Belgium).

It is not yet clear whether all will be authorised at once,

## Brazil's main parties to pick candidates

By ANDREW WHITLEY IN RIO DE JANEIRO

THE CRESCENDO of politicking which has gripped Brazil for months, virtually paralysing normal decision-making, reaches its climax this weekend in Brasilia, when both the major parties will choose their main candidates to succeed President Joao Figueiredo next March.

Most attention will be focused on today's neck and neck battle between the two rival candidates of the government's Partido Democrático Social. Sr Paulo Maluf and Sr Mario Andreza. Both are proclaiming victory in advance.

For the opposition parties, dominated by the broad church Partido do Movimento Democrático Brasileiro, the PMDB, both are billing as the candidates of national unity.

In practice neither has any significant popular following. The arithmetic has been complicated further by the absence of a breakaway group known as the Liberal Front, backing the Neves candidacy, and by other dissident party notables.

Yesterday, the first day of the PMDB convention, Sr Maluf was assured of a majority. As for Sr Andreza, the incumbent Interior Minister, after a last-minute rally by his supporters in the Figueiredo Government, he was claiming an advantage of more than 100 votes.

Officially the PDS has 787 delegates with a total of 961 votes. Some delegates have the right to multiple votes. The arithmetic has been complicated further by the absence of a breakaway group known as the Liberal Front, backing the Neves candidacy, and by other dissident party notables.

Yesterday, the first day of the PMDB convention, Sr Maluf was assured of a majority. As for Sr Andreza, the incumbent Interior Minister, after a last-minute rally by his supporters in the Figueiredo Government, he was claiming an advantage of more than 100 votes.

Mr Andreza, the PDS candidate, has been assured of a majority. As for Sr Maluf,



## UK NEWS

### Dublin challenged on gas pipeline plan

By Our Belfast Correspondent

THE Government has disputed Dublin's version of problems over a plan to pipe natural gas from the Irish Republic to Northern Ireland. The plan is now expected to be scrapped.

Mr Adam Butler, Minister of State at the Northern Ireland Office, yesterday contradicted the account of negotiations given this week by Mr Dick Spring, the Irish Deputy Prime Minister.

Mr Spring said the British Government had sought a cut of almost half in the price per therm agreed in a joint memorandum of understanding last October. Dublin was not prepared to renegotiate what was still a reasonable agreement.

However, Mr Butler said he had asked not for a 50 per cent reduction, but for suggestions towards bridging the gap between the present depressed projections and those which were made when the deal was agreed in October.

It was a severe disappointment to find the project was in doubt, he said. The latest price estimates far exceeded anything the Government could have reasonably expected in 1983 and the size of the potential market had substantially contracted.

The Government was considering the Irish Republic's response and would make a statement as soon as possible. It is now widely expected that the Government will cancel the deal and take steps to close the Northern Ireland gas industry, which employs 1,000.

Official sources in Dublin disputed Mr Butler's version of events and insisted that the British negotiators have been looking for close to a 50 per cent reduction.

Rises in U.S. dollars and world oil prices mean that the gas would be priced now at \$0.45 per therm and Dublin sources say the British are seeking a price below \$0.30 per therm, which is totally unacceptable.

### Manx inflation falls

A FURTHER fall in the annual rate of inflation for the Isle of Man was reported by the Manx Treasury yesterday. It was 5 per cent in July against 5.5 per cent in June.

## Building society receipts fall £22m

BY MARGARET HUGHES

THE FLOW of savings into building societies fell last month to net receipts of £60m, which is £22m less than the June figure and £31m below last July's when the inflow was boosted by a rise in interest rates.

Building Society Association figures published yesterday also show that the building societies raised less last month from wholesale sources — such as certificates of deposit and negotiable bonds, probably because of their higher cost. They raised only £180m from these sources against £201m in June and £231m in May.

Although the inflow was

down, mortgage advances rose again to a record £2.36bn. Mr Richard Weir, secretary general of the BSA, said that the July inflow was still not enough to fund the societies' current lending. They have therefore had to dip into their liquidity again, causing the liquidity ratio to fall for the fifth consecutive month to a present level of 18 per cent.

The level of money promised but not yet lent to mortgage applicants at £2.18bn, substantially lower in July than in the previous month. It was also the first month this year when the level of commitments was lower than the amount advanced.

Another factor was the Jaguer

flotation, with investors withdrawing funds to buy Jaguer shares. Because the offer was well over-subscribed, however, the BSA expects some of these funds to return.

This month is not traditionally a good one for societies. Investors tend to be on holiday, spending rather than saving. It is also the beginning of the new car registration year.

Additional factors this year will be the sales of the 28th issue of National Savings Certificates, maturities of the five-year term shares which many societies began to issue in August 1979 and the general volatility of interest rates.

## Rise in clothes spending outstrips all items

FINANCIAL TIMES REPORTER

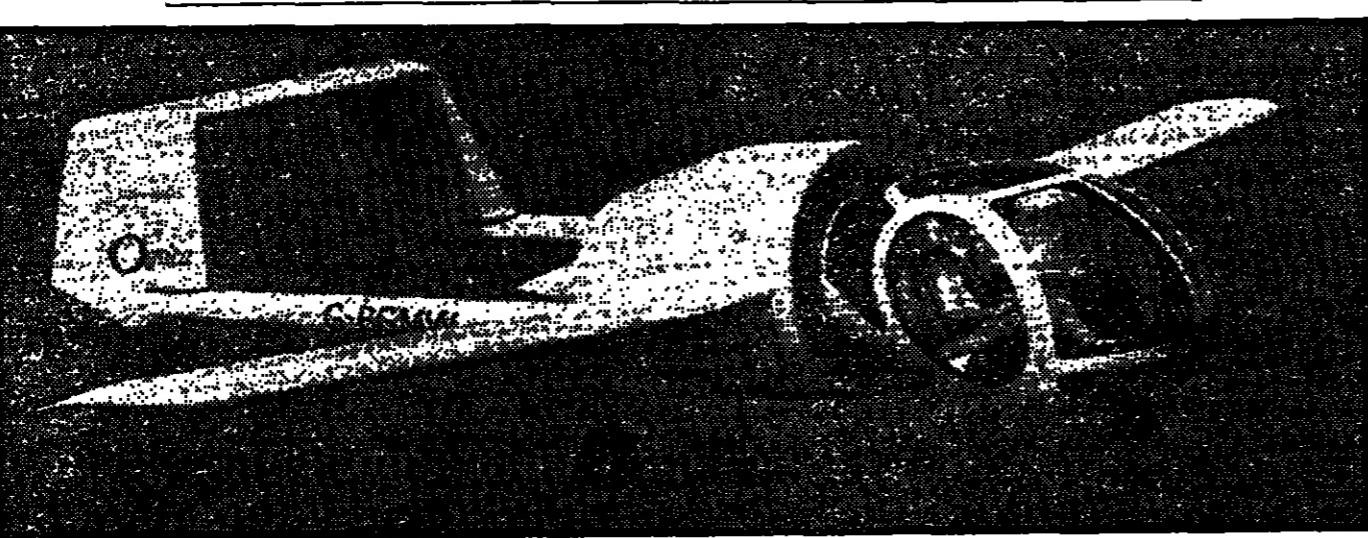
SPENDING ON clothes in the 12 months to the end of March dropped more severely in both man-made-fibre production were halved during that time to 14,800 and severely depleted in household textiles, where numbers dropped from 41,000 to 27,400.

In the same years, spending on clothes, taking 1980 as index 100, rose by 4 per cent a year to 121.6. Spending on all items went up by 1.2 per cent a year to 105.5 and on household textiles and soft furnishing by 0.3 per cent a year to 104.9.

Spending on clothes also advanced more than spending on all items during the five years 1979-83 when employment in textiles fell from 380,000 to

251,500 and in clothing from 298,000 to 269,500. Jobs in man-made-fibre production were halved during that time to 14,800 and severely depleted in household textiles, where numbers dropped from 41,000 to 27,400.

In the same years, spending on clothes, taking 1980 as index 100, rose by 4 per cent a year to 121.6. Spending on all items went up by 1.2 per cent a year to 105.5 and on household textiles and soft furnishing by 0.3 per cent a year to 104.9.



A PROTOTYPE of Optica, the latest offering from Edgeley Aircraft. The first production model is due to make its maiden flight from Old Sarum Airfield in Wiltshire later this month, writes Michael Donne, Aerospace Correspondent.

This small UK aircraft company is making a name for

itself in exports. Over the past year or so, it has won contracts for 82 of its small Optica three-seat observation aircraft, worth over £8m, mostly from overseas.

The Optica, nicknamed Bug-eye by many because of the bulbous cockpit seating

three persons, is a very slow-flying 53 knots aircraft, ideal for surveillance and observation duties.

Production is running at one aircraft a month and is set to expand to six a month next year.

Of the 82 aircraft ordered, only three are for the UK, the

rest are for customers in Australia, Africa, New Zealand, Scandinavia, Saudi Arabia and West Germany.

Edgeley Aircraft is demonstrating the Optica at the forthcoming Farnborough Air Show, and is aiming its sales attack at the Third World, and the U.S.

## Silent guns on the Glorious Twelfth

THE GUNS will be silent on Britain's grouse moors tomorrow, the Glorious Twelfth, but the birds' respite will be only temporary.

Shooting on Sundays is banned in England and Wales, and although there is no such legal restriction in Scotland, grouse shooters there have been asked to hold fire until the 13th too.

Major Donald Callander, of the British Field Sports Society, said: "I have been shooting grouse since God knows when. It never crossed my mind they could be shot on Sunday."

"Even if there is no legal objection, it is accepted practice that we don't shoot game birds on Sundays, but there may be some cad somewhere who might go out."

The Game Act of 1831 prohibits shooting on Sundays and Christmas Day in England and Wales but not in Scotland or Northern Ireland.

Meanwhile, there is concern in Scotland about the continuing decline in grouse numbers and a survey has been launched to try to establish the cause.

The Game Conservancy's annual review indicates periodic fluctuations in numbers in England, whereas in Scotland there has been a steady decline in recent years.

The conservancy is collecting data from more than 40 grouse moors and hopes that eventually 100 will take part in the survey.

The research has been boosted by a £100,000 grant from Sheik Hamdan al Maktoum of the United Arab Emirates, who owns grouse moors near Glencairn.

In Dumfries and Galloway bags are little more than 120th of the level reached between the wars. In the Tayside and Highland regions, the figure is one-fifth, and in the Borders a half.

On some Scottish moors, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

Weekend Briefs Page 14

## Changes at Rea Brothers

Sir Walter Salomon has retired as director and chairman of REA BROTHERS, and has become president. Sir Malcolm Wilcox, previously a deputy chairman, has succeeded Sir Walter as chairman. Mr William J. A. Dacon, formerly an executive director of the Royal Bank of Scotland Group, has joined the Rea board as chief executive.

**SIMON ROSEBROWNS** (a Simon Engineering company) has made the following appointments: Mr Mike Williams, works manager to production director, and Mr Lee Taylor, technical manager, to technical director.

**BULLDOG TOOLS**, a member of the Dobson Park Industries Group, has appointed Mr John Hardacre as its commercial director. He was an accountant for British Bakelite (Northern).

Mr Avril Fishwick, a partner in Frank Platt and Fishwick, solicitors, Wigan, and a Deputy Sheriff of Greater Manchester, has been appointed the first woman director of NATIONAL WESTMINSTER BANK'S north regional board. She was High Sheriff of Greater Manchester 1983-84.

Mr Cliff Urwin, who recently became an assistant general manager, branch banking division, has been appointed a member of the North and East Midlands regional board of LLOYDS BANK from September 1.

**HANDLEY-WALKER**, Birmingham management consultancy, has appointed Mr Ian Wilson as director of manufacturing technology services, a new post.

Mr L. Keen has been appointed national sales director of JARDINE GLANVILL (UK) and Mr John Flower has been appointed national systems/administration director.

Mr Frank O'Donovan has acquired part of the equity in FORMULA TRUCKS and is joining as chief executive and marketing director on September 3. Mr Ernie Eagling remains managing and technical director. Mr O'Donovan comes from Crown Lift Trucks where he was director and general manager.

Mr Graham McEvoy is joining the board of BUSINESS PRESS INTERNATIONAL from September 1. From October 1, he will be responsible for Electrical/Electronic Press and Specialist and Professional Press in addition to continuing as managing director of Transport Press. Mr Peter Yapp is relinquishing BPI board responsibility for Specialist and Professional Press to concentrate on Reed Publishing's exhibition and conference interests. Mr Yapp is the BPI board member responsible for

some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe economic blow to estate owners. Many rural communities depend on a successful season.

On some Scottish moor, the number of grouse is so low that shooting days are being restricted or cancelled, which could prove a severe

## UK NEWS-LABOUR

**Left and right in TUC poll tussle**

By PHILIP BASSETT, LABOUR CORRESPONDENT

**LEFT** and right-wing trade union leaders are circulating separate lists of candidates for election to the TUC's governing body, its General Council. The outcome of the election could have a significant impact on the TUC's attitude towards the miners' strike.

Circulation of slates is directly contrary to TUC guidance approved by last year's TUC Congress. This stated that it was "incompatible with good trade union practice for institutionalised canvassing" by organised groups within the TUC to take place. Such practices could only be disruptive to the unity of the TUC.

Twenty-two unions with more than 100,000 members each all receive seats on the General Council automatically, proportionate to their size. A further six members in seats specifically for women, are elected by the whole Congress.

Lobbying centres on the 11 seats available for the 77 other unions with fewer than 100,000 members, as both left and right-wingers seek to maximise their influence of their respective political groups.

The right-wing list is a full 11 candidates, again all general secretaries, though there is some suggestion that one may withdraw before the voting.

It is: Mr Tony Christopher, Inland Revenue Staff Federation; Mr Alf Clowes, Ceramic and Allied Trades Union; Mr Bob Garland, foundry workers;

Mr Bert Lyons, Transport Salaried Staffs' Association; Mr John Lyons, Engineers and Managers Association; Mr Bill McCall, Institution of Professional Civil Servants; Mr Charlie MacCarthy, Society of Metal Mechanics; Mr Eric Nevin, Merchant Navy Officers;

Mr Gill Sims, Iron and Steel Trades Confederation; Mr Alex Smith, Tailors' and Garment Workers' Union and Mr Bob Stevenson, Footwear Trades Union.

There is still discussion on the final place, with Mr Ken Ashton, National Union of Journalists, Mr Peter McNestry, Colliery overmen, Nacods and Mr Joe Marino, Bakers' Union, being considered.

On this slate, the left's deliverable vote from those on the list is 434,053-451,132 with Mr McNestry, or 46,742 with Mr Ashton, or 471,540 with Mr Marino.

The right's deliverable vote from those on the list is 577,624.

Both this and the left's overall total imply consistent voting down the slates, which is probably unlikely, and both are probably near-minima: other unions supporting each slate, or

**BAE sit-in delays work on Haley's Comet satellite**

BY OUR LABOUR STAFF

BRITISH AEROSPACE yesterday continued the process of implementing the High Court order banning the occupations of its Filton factory, Bristol, but no steps to eject the workers are expected until next week.

It was revealed that among the important contracts delayed by the occupation in the dynamics division is the satellite that will be sent to intercept Haley's Comet in 1986. Maintenance work on a dozen U.S. other defence work has also been behind schedule.

The 450 strikers in the dynamics division believe they were promised productivity payments

last month under the terms of a previously negotiated settlement.

The 2,000 strikers in the aircraft division—who are involved in a separate occupation—are seeking pay parity with other BAE plants. They believe they have the support of their local management but are opposed by BAE centrally.

Yesterday BAE management at Filton said that as soon as normal work is resumed, discussions can continue on incentive schemes. "The union is taking action to achieve improvements in 1985 which the company has already agreed to make," he said.

**Train disruption 'patchy'**

BY OUR LABOUR STAFF

HTRAIN services were patchily disrupted yesterday by a 24-hour strike of the 29,000 British Rail maintenance staff.

The strike was called by the National Union of Railwaymen against the run-down of jobs in British Rail Engineering and the closure of the Swindon, Glasgow and Derby works.

Mr Jimmy Knapp, general secretary of the NUR, told a

rally in Derby that up to half the workshop and maintenance staff working for British Rail Engineering and BR could face redundancy.

The main effects of the strike were felt in the Western region where only about 50 per cent of services were operating. That area was more vulnerable because it has a higher proportion of diesel trains which are refuelled by the maintenance staff.

A leak of the teachers' evidence in an education newspaper yesterday—before the Advisory, Conciliation and Arbitration Service had studied it—angered teaching unions.

The largest teaching union, the National Union of Teachers, immediately cancelled a Press conference set for next week to discuss the unions' evidence.

**Deadlock in talks over Thorn EMI recognition**

By David Goodhart, Labour Staff

TALKS between the electricians' union, the EETPU, and the engineering union, the AUEW failed yesterday to make progress over an issue of single union recognition.

They were discussing the EETPU's deal with Thorn EMI, which bars other unions from recognition at the company's new plant in High Wycombe.

Mr Jack Whyman, an AUEW executive council member, said after the informal talks that his union would continue to fight its exclusion from the plant and would refer the matter to the TUC. Another single-union deal signed by the EETPU at the Hitachi plant at Hirwaun in Dyfed has already been referred to the TUC.

The EETPU made a minor concession to us by saying they would raise the issue of recognising the AUEW with the company but that's not good enough," said Mr Whyman. Some AUEW officials believe that the EETPU is in clear breach of the TUC's Bridlington rules on inter-union relations.

The two unions will meet again next week to discuss the recognition row. The meeting between the two unions' presidents and general secretaries will take place under the auspices of the joint standing committee of the two unions which meets regularly.

The AUEW's apparent determination to dig in against the EETPU's single-union deal at Thorn EMI contrasts with the port authority, who operate cranes at Hunterston, which has in fact supported the miners.

Yesterdays BAE management at Filton said that as soon as normal work is resumed, discussions can continue on incentive schemes. "The union is taking action to achieve improvements in 1985 which the company has already agreed to make," he said.

However, the employers may try to argue before the board that they are entitled to ask members of the Iron and Steel Trades Confederation, who operate cranes at Hunterston, to do most of the unloading work, and in effect to discharge the vessel without TGWU help.

The 1980 statutory instrument which brought Hunterston into the dock labour scheme gave legal authority to a manning agreement reached in 1979. This established that to unload BSC coal, ISTC members would operate cranes and registered

**Brian Groom on the row over coal imports**

**Hunterston on verge of crisis**

THE CHANCES of the row over coal imports at the Hunterston terminal on the Clyde developing into a crisis were in the balance last night. Arguments over the next few days may centre on a complex legal wrangle over which workers are allowed to do certain work.

Failure to resolve the dispute could result either in a threat to production at British Steel Corporation's Ravenscraig works, which relies on coal and iron ore supplies from the terminal, or spark of a national dock strike if BSC tries to dock and unload the coal vessel Ostia without members of the Transport and General Workers Union.

Talks broke down yesterday

between the TGWU, BSC, which operates the terminal, and the Clyde Port Authority, which employs the dockers.

They could not agree on a fixed quota of coal for Ravenscraig. Dockers and tugboatmen at Hunterston voted last week to black coal imports in support of the miners.

BSC and the port authorities

said after the meeting in Glasgow that they were formulating a course of action which they firmly believed would not infringe the statutory national dock labour scheme.

They will refer the matter to the local dock labour board to seek official confirmation that their plans would not contravene the scheme. The board may meet on Monday, and BSC

is unlikely to try to dock the Ostia before then.

Plans were not disclosed.

Mr Alexander Main, manager of the port authority, warned that the 24 registered dockers would be suspended without pay if they refused to unload the Ostia in fact support of the miners.

The TGWU has already threatened to call a national dock strike if this happened.

Southampton employers

have asked to be allowed to shed 100 dockers, but have been rebuffed by the local labour board.

Associated British Ports is also offering redundancy to 250 non-

dockers in Southampton.

The national picture was

more encouraging for

employers. Earlier this week

the total of applicants had

risen to nearly 1,600 for 1,240

authorised redundancies,

though about 100 dockers have

since withdrawn their applica-

tions.

The Port of London had

received 680 applications by

yesterday for 249 places,

though 24 were from clerks,

many of whom will not be

allowed to leave. In Hull

there were 282 applications for 251 places, but 43 of them

had later withdrawn.

It is uncertain, too, how BSC

would react if it lost.

The corporation said Ravenscraig's need

for the coal was urgent: it is

coal of a special quality needed

to blend with existing stocks to

make them usable.

Some employers wonder if it

will be possible for BSC to import the coal through more distant, non-scheme ports and carry it by lorry to the steelworks—a possibility that the corporation refuses to discuss.

The argument over what is

by-passed if BSC tries to dock

the ship without the help of the

75 Clyde tugboatmen, who are not

registered workers. This is tech-

nically possible as long as the

water is calm.

The TGWU has threatened a

strike if this is done. Port em-

ployers do not believe this comes

under the TGWU's two stand-

ing resolutions—to call a na-

tional strike if anyone is laid off

or refused to handle coal, or if

"scab" (that is non-registered)

labour is used—but Mr Queen

insisted yesterday that it did.

It is still possible that both

sides, if they really wish to avert

a crisis, could sit down and ne-

gotiate a restricted quota of coal

supplies to Ravenscraig. But

they were far apart yesterday,

and in the wake of the break-

down of the talks no-one was

suggesting that this was an im-

minent prospect.

Employers do not believe it

has these wider ramifications,

but Mr John Connolly, the

TGWU national docks secretary,

is known to have been angry

that his deal was signed.

The argument may go beyond

the local board, to the National

Dock Labour Board and even

the courts. It is uncertain how

dockers will react if BSC wins

at the local board and then

unloads the ship without the

TGWU: some officials felt yester-

day that the position would be

unchanged, and that a strike

would go ahead.

It is uncertain, too, how BSC

would react if it lost.

The corporation said Ravenscraig's need

for the coal was urgent: it is

coal of a special quality needed

to blend with existing stocks to

make them usable.

Some employers wonder if it

will be possible for BSC to import the coal through more distant, non-scheme ports and carry it by lorry to the steelworks—a possibility that the corporation refuses to discuss.

The argument over what is

by-passed if BSC tries to dock

the ship without the help of the

75 Clyde tugboatmen, who are not

registered workers. This is tech-

nically possible as long as the

water is calm.

The TGWU has threatened a

strike if this is done. Port em-

ployers do not believe this comes

under the TGWU's two stand-

ing resolutions—to call a na-

tional strike if anyone is laid off

or refused to

## THE WEEK IN THE MARKETS

### A small step back on base rates

#### LONDON ONLOOKER

Interest rates have come back far quicker than anybody might have dared to predict a month ago when the clearing banks jerked their base rates up to 12 per cent. Twice this week the banks have responded to the Bank of England's signals and pegged their base rates back by half a point. Sterling is standing up to the strain quite comfortably and the gilt market has responded with predictable rises.

Equities were pulled along in the wake of the gilt market yesterday but coming on top of last week's surge in share prices the ability of equities to keep up the momentum looks decidedly limited. The FT-30 Share Index is now a good 6 per cent higher than it was before the interest rate jump on July 11 and, of course, interest rates have only come back one point. It is fair to argue that the market may have been oversold a few weeks back but there is now a danger that the pendulum is swinging too far the other way.

For the corporate sector the profit outlook for 1985 is not especially encouraging and possibly GKN, with its unchanged interim dividend this week, had a wider message for investors over the likely progression on that front. Perhaps it is all the takeovers—and talk of a great many more—that keeps the market in such a relaxed frame of mind. Cash is now coming out of the industrial sector to swell the bulging coffers of institutional investors—it has to be reinvested somewhere.

#### Bids update

Tate & Lyle's offer document in pursuit of its £300m cash and equity bid for Brooke Bond does little to add to the wealth of human knowledge. It is a very conventional work, achieving little more than to underline the obvious point that its

"We have a high regard for ICL," says Sir Kenneth Corfield, STC's chairman. The reason for this surprising lack of aggression is that STC is anxious to win agreement from ICL's board—it would not do to give offence at this point.

#### Red ink at CU

The half time figures from Commercial Union this week were dreadful. Whereas the market had hoped that the second quarter could make good the £8.4m loss of the first three months and put CU back into the black, the actual result fell a long way indeed from the talk of small "add on" purchases in North America which seemed to favour the tacit at Tate & Lyle a year ago. That strategy had made sense in the City but an offer for Brooke Bond is a little harder to come to grips with.

Anyway, the general tenor of the offer document implies that this bid is an opening shot. The omission of a profits forecast from Tate suggests it is being held back as ammunition to back the next offer. The current terms indicate a price of just over £1 a share. Bearing in mind that Tate intends to clear out some of Brooke Bond's peripheral businesses (not a phrase the tea group would use) it could drop the net cost of the bid by perhaps £70m. So, assuming the absence of a third party, Tate might easily be tempted to push its offer higher. In the market the shares are riding around 10 per cent above the bid.

The offer document from Standard Telephones and Cables to ICL turned out to be an oddly muted affair. The computer group's record is surely fair game for a bit of spiteful knocking copy. But STC's phraseology is almost flattering.

no surprise as the U.S. has been causing CU (and others) problems for years.

The performance in the UK, however, was a real shock: underwriting losses nearly tripled to £19.7m despite CU's efforts to increase premiums and cut operating expenses. Still, the vagaries of the weather, which has driven such a large hole through the UK market, is largely a once-off and should not be taken out of context.

CU's long-term problems are still largely centred on the U.S. even though rates there do seem to be firming at long last. Overall the best that can be hoped for is probably break-even for the group this year.

What supports the share price is bid hopes though it would need a brave bunch of men to launch an offer.

#### Bashing metals

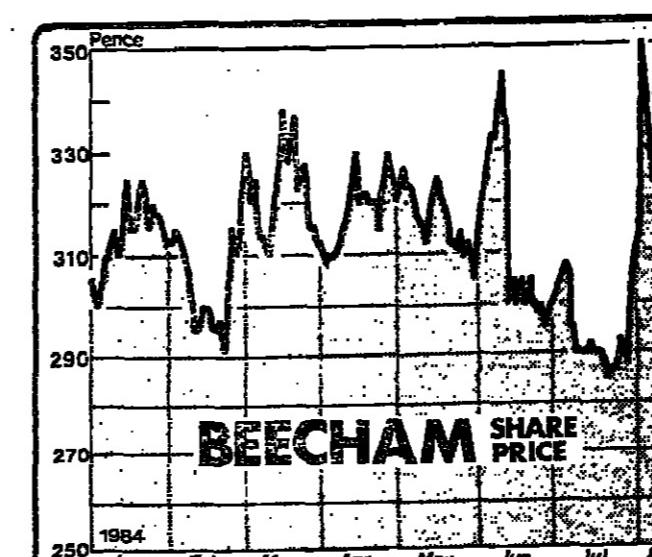
The engineering sector published an impressive array of half year figures this week. Profits from Glynwood rose by more than 50 per cent to £12.3m, GKN achieved a 61 per cent advance to £61.2m while TI more than doubled the pre-tax line to £12.4m and doubled the dividend payout as well. Yet in the market such promising results were greeted with less than enthusiasm—as soon as the companies reported their share falls.

In GKN's case there was disappointment that the dividend was held unchanged, increases from the industrial sector have become regarded as a matter of course. Also dealers suspected that a share placing was on its way to offset the effects of the balanced sheet of dollar borrowings to finance the Beck/Arnley acquisition. On Wednesday a £23.5m placing was duly announced.

But there are no specific negative factors that can explain the market's reaction to the figures from Glynwood and TI. The point is that good figures were expected and while they might have actually been a bit better than most estimates the analysts are now sitting back and saying "Fine, those are the numbers but where does the sector go now?"

To varying degrees all three companies fall into the mould of traditional hotch-potch engineers which the market believes to be near to the top of their trading cycle. Yet it would be wrong to tar the whole sector with that brush. A large number of companies in the sector are nowhere near seeing their profits peak yet and there is still a lot of benefit from previous rationalisation to come through. The J. H. Fenner defence document for instance indicates that the group is only just turning up.

For investors the name of the game now is to be more selective and perhaps concentrate more on smaller specialised companies. For example, AE is a company with a couple more



### Back to life

#### NEW YORK WILLIAM HALL

After a three day lull, Wall Street roared back to life again on Thursday as investors became increasingly nervous about missing out on the stock market rally and speculation mounted that perhaps the long awaited "second leg" of the bull market had begun after all.

Given that the previous week's 87.46 point jump in the Dow Jones Industrial Average had topped the record \$1.24 point rise in the Dow at the start of the current bull market in August 1982, some investors had anticipated that share prices would mark time for a period or even ease back after their recent explosive surge.

For the first few days this appeared to be the case. The Dow rose marginally on Monday and Tuesday and fell back towards the 1,200 level on Wednesday as the stock market suffered its first loss in seven days. On Thursday morning, share prices opened weaker but turned around sharply over lunchtime and by the close the Dow was 27.94 points up—its highest level since January 1982.

Something more tangible, if less exciting, is the news that the group has received approval from the U.S. Food and Drug Administration to sell its new antibiotic Augmentin. The U.S. market for oral antibiotics is worth around US\$1.1bn a year but it would be wrong to get carried away by a launch in America. It could take years for Beecham's new product to become established in a significant way. After all, it was launched in the UK in 1981 and has still only captured a small foothold in the market.

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

#### Beecham's pill

Beecham's share price has been bouncing around lately on rumours that it is about to be on the receiving end of a major U.S. bid any day. Well, it may be a bit surprising that American companies are not using the trump card of a strong dollar to pitch into the UK bids scene but so far at least a U.S. bid is no more than a rumour. Though it is perhaps a sign of the times that people

are even talking about the possibility of a takeover—but believe it or not there are even suggestions Glaxo might launch an attack.

Something more tangible, if less exciting, is the news that the group has received approval from the U.S. Food and Drug Administration to sell its new antibiotic Augmentin. The U.S. market for oral antibiotics is worth around US\$1.1bn a year but it would be wrong to get carried away by a launch in America. It could take years for Beecham's new product to become established in a significant way. After all, it was launched in the UK in 1981 and has still only captured a small foothold in the market.

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

In two or three years' time Beecham might be making £10m or so profit from Augmentin in the U.S. and perhaps a similar amount from the drug in Japan (assuming it breaks into that market). That is not going to change the shape of a group likely to make £300m profit in the current year and capitalised at over £2.3bn but U.S. approval is the first real positive piece of news to come out of Beecham for some time.

Terry Garrett

</

## YOUR SAVINGS AND INVESTMENTS

## Accommodating a tenant

FINANCE AND THE FAMILY  
BY OUR LEGAL STAFF

I am one of four "tenants in common" of a large property which we bought in July 1980, in a derelict state, as suitable for restoration and later use as a possible retirement spot. Three of the four "tenants" are pensioners. We are gradually bringing the main house up to scratch and now have to turn our attention to the annexe. The problem is that the ground floor of this building has a scheduled tenant. She complained to the environmental health department that the flat was damp and draughty, which was correct. We have made several attempts to stop the ingress of water, but the ancient roof, which has never been renewed, has come to the end of its useful life and will need to be replaced in its entirety. The cost of this work has been estimated at £40,000, or about 80 per cent of the purchase price of the whole building. Whether we can find this money or not is not relevant here. The point at real issue is that we cannot contemplate restoration of the annexe while the tenant is in occupation. The council agrees but claims that it is our responsibility to rehouse her while the work is done, estimated as taking about six months. The tenant pays us £250 per year, a rent which we have listed were carried out. The cost of this work has been estimated at £40,000, or about 80 per cent of the purchase price of the whole building. Whether we can find this money or not is not relevant here. The point at real issue is that we cannot contemplate restoration of the annexe while the tenant is in occupation. The council agrees but claims that it is our responsibility to rehouse her while the work is done, estimated as taking about six months. The tenant pays us £250 per year, a rent which we have

## Executors and the estate

Can an executor purchase from the estate at probate value items of household effects remaining after all beneficiaries have made their selections? Perhaps such a purchase might be limited to the amount of any cash sum left by the will to the executor for proving the Will?

Is there a simple way that a testator may specifically permit this, by a letter attached to the Will?

An executor should not purchase anything from the estate unless expressly authorised to do so by the Will or by the Court. If a testator wishes to authorise an executor to purchase anything this must be clearly stated in the Will, and the basis of valuation to be used should also be specified. It would be wise to instruct a solicitor to draw up a will incorporating suitable provisions.

## No extra time needed

After years of uphill struggle I finally managed to get a writ issued against a solicitor in the High Court last year and served and served a few weeks later. I have repeatedly asked for a date for a court hearing, but so far the solicitor who is handling my case has not obtained one.

I understand that a writ can only be extended after one,

year with the permission of the court. If my solicitor applies to the court for an extension, can he keep on doing so, and if so, for how many years? If he does not apply and I do not get a date for a hearing do I lose my right to go to court?

As the writ has been served, no extension of time is needed. There now has to be a series of documentary pleadings in which your legal advisers state your claim in detail, the defendants then state the terms of their defence and your reply to that defence is made. After that there will be a process of "discovery" to disclose all the relevant documents on each side, after which directions for trial will be given by the court. Provided your solicitor adheres to the timetable laid down by the rules you will not need any extension of time, even though the trial may not be set until some time hence. You should write to your solicitor asking him to make sure that your case is not struck out for want of prosecution.

## Conflicting advice

I have recently completed improving my terraced house with the help of a £7,650 grant from the local authority. I signed a certificate of ownership stating my intention to live in the house for five years, but now I plan to marry and live in Spain. If I sell now, will I have to repay the grant?

Two documents which give conflicting rulings:

Housing Booklet No. 14 P.9 Q.11 and Department of Environment Circular No.

21/80.

The Department of the Environment circular is a more accurate statement of the effect of Sections 73, 74 and 76 of the Housing Act 1974. There seems to be no warrant for the passage in the question and answer booklet which suggests that you can sell to another owner-occupier within the five-year period; although you can of course do so if you first repay the grant (section 77 of the Housing Act).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

## Illegitimacy and intestacy

My father-in-law was born illegitimately in 1902. His mother subsequently married and from this marriage four sons were born. My father-in-law assumed the surname of his step-father from the marriage and the five brothers were brought up as a family unit well into adulthood before any knowledge of the above was known.

The father died while the brothers were very young and the mother died when my father-in-law was 21 years of age. From that time he assumed responsibility for the upbringing of his brothers until they reached majority. My father-in-law died in 1974 and the last remaining brother died intestate earlier this year. With the exception of my father-in-law none of the brothers have any issue.

The last remaining brother had lived with my wife's parents for a long period during my wife's childhood, was my wife's godfather, and had been treated as a true uncle in every sense of the word. The solicitor handling the affairs of my wife's uncle informs us that as he died intestate, and the common link between him and my late father-in-law is their mother, then there is a high probability that the estate would pass to the Crown.

It seems that the Family Law Reform Act 1969 does not save the position of an illegitimate child who is not a child of the intestate himself. It is therefore correct that the estate would pass to the Crown as "bona vacantia." An application can however be made to the Treasury Solicitor for an ex gratia payment to be made to your father-in-law, and this would probably be accepted.

## HOLIDAY INSURANCE

## What is left out

The aftermath of the Majorca coach crash in May this year, in which eight British tourists were killed and 15 seriously injured, has exposed several weaknesses in the insurance position of the holidaymaker.

If you take out package holiday insurance, the chances are that the personal accident cover it provides will be severely limited. Cover is usually between £5,000 and £25,000 in the event of death, loss of limb or eye or total disability.

You should be wary of this form of cover. Robert Oates, a solicitor acting for one of the coach crash victims, points out that "it is very restrictive because unless you suffer the exact injuries specified you are not entitled to receive the lump sum benefit."

Oates' client, along with all the other passengers on the coach, was travelling with Horizon Holidays—the Birmingham-based travel company. All but two of the passengers (who had made separate arrangements) had taken out Horizon's package insurance policy offered in their brochure.

Oates says his client was severely injured in the crash. But because her injuries do not fit any of the insurance pigeon-holes, she is unlikely to receive any payment for them under the policy.

The upshot is that she must look elsewhere for compensation. Other victims, who are entitled to the standard £15,000 benefit under the policy, are entitled to the same compensation as the payment is not adequate compensation for their loss. No payments are made under the policy for pain

and suffering and loss of earnings which could normally be claimed.

In any event if as with the victims of the coach crash, the insurance proves inadequate, to whom do you turn for compensation?

Horizon, in this particular case, has denied liability. It points out that it had no direct control over the coach company concerned and cannot be held responsible for the acts of independent third parties.

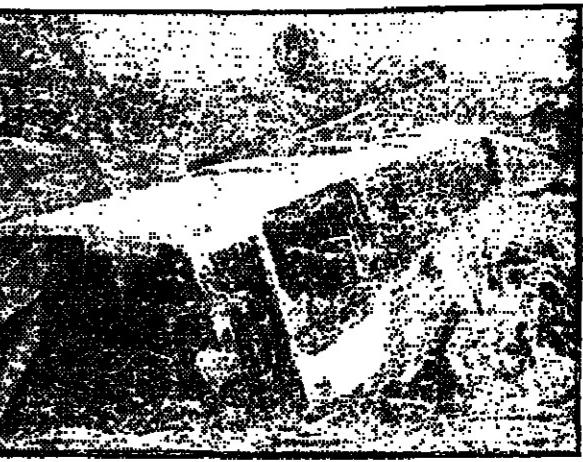
This is standard tour operator practice. The booking conditions of every tour operator's brochure contains an exclusion clause pointing out that the operator only puts the package

is the accommodation and travel, and cannot therefore accept liability for what people who are not their employees may do. This leaves the holidaymaker with the unenviable task of bringing a long distance claim in a foreign jurisdiction against the persons directly involved in their brochure.

Short of taking out selective insurance cover, where you choose the risks and level of cover you require, there is little that you can do to protect yourself against injury whilst abroad.

Selective cover is available from the larger insurance companies such as the Royal and Norwich Union. But because it is tailor-made, it is rather expensive.

Alternatively, you may be able to increase the level of personal accident cover on your package policy above the maximum limit. Ask the underwriters of the policy,



Are you covered against a coach disaster?

probably be an expensive and time-consuming exercise with no guarantee of satisfactory compensation. As yet, the Majorcan authorities have not disclosed the results of their enquiry into the cause of the coach crash.

However, in some circumstances you should not be deterred by the tour operator's ubiquitous denial of liability for third party acts, says David Tench.

Where you have a claim in contract against the tour operator, for example when the hotel accommodation was less than promised in the brochure or the food was below standard, it would usually be unreasonable for the tour operator to be denied liability.

"The trouble is that many consumers will be frightened of claiming simply because the clause is there in the booking conditions," Tench says. "But the provision of food and accommodation is the essence of the holiday and the operator should not disclaim responsibility in these circumstances."

Lawrence Lever

## Not counting the cost

## Consumer Credit

PHILIP STEPHENS  
On why the British have become such carefree borrowers

HOW HAVE the British forgotten how to live within their means?

As the Government pursues its

"good housekeeping" policies to cut public borrowing, most of its citizens seem intent on spending as much of other people's money as they can.

Only in the last few weeks have the spendthrifts started to show the first signs of respect for the escalating real cost of borrowing.

Margaret Thatcher cannot complain, whatever her personal views on the virtues of thrift. The explosion of consumer credit over the last two years or so has provided the main engine of three weeks.

Granville took a 29.9 per cent stake in June in R. A. Coleman, a small Welsh stockbroker, with the intention of moving up to full ownership when stock exchange rules permit Coleman to use the purchase cash to establish a London office concentrating on USM companies and smaller fully-listed groups.

There are exceptions, like James Burrough, the distillers, which is capitalised at £24.5m on Granville's OTC market. But Granville does not take a position in its equities, and will only match buyers and sellers. It runs a market, valued at £200m, in 31 OTC stocks.

Furthermore, licensed dealers may find themselves more vulnerable in a bear market than a single-capacity stock broker, and conflict of interest could easily arise if a licensed dealer is keen to get rid of a long line of stock in bearish times.

The licensed dealers argue that they are acting in the interests of wider share ownership and bringing more liquidity to thinly marketed USM shares. But they also present a thorny dilemma for the Stock Exchange to ponder as it debates the future of the securities market.

will borrow more than they save.

Borrowing, he says, has risen by 40 per cent in real terms over the last three years and, for the average household, the ratio of debt to income has jumped from less than 45 per cent in 1980 to about 60 per cent now.

Why have we suddenly become a nation of borrowers? Will we soon have to start paying it all back?

The economists offer a diverse range of theories. One explains the falling ratio of savings to earnings by the reference to the sharp fall in inflation.

The theory is that people seek to maintain the real value of their assets after inflation adjustments. If inflation is soaring people save more and borrow less to keep the worth of their assets topped up.

If price rises slow, there is less inclination to save and a greater willingness to take on the burden of loan repayments.

That theory, however, provides only a partial explanation. The fall in inflation, and with it a growing confidence in the economic outlook, have coincided with a period in which shrewd competition between banks, building societies and other financial institutions have made it much easier to get a loan.

Roger Bootle, chief economist at broker Capel-Cure Myers, says the gradual re-regulation of the financial system, which included the abolition in 1982 of hire purchase controls, has significantly changed people's attitude to credit.

The growing proportion of people with bank accounts,

Bootle says, has also widened the opportunities for borrowing among lower income groups. Across alone had nearly 7m customers last year.

So people appear to accept weekly or monthly loan repayments, but pay little attention to the real cost after inflation adjustments.

Since 1980 real interest rates have risen sharply as inflation has fallen, even though nominal rates which decide the level of regular repayments were falling, at least until two months ago.

For the borrower this has meant that the monthly cost of loan repayments and credit has been falling. The end of hire-purchase controls has allowed longer terms and thus higher borrowing at the same monthly repayment.

But while the traditionally more expensive credit offered by finance houses and retailers has grown only slowly, lending by banks and building societies has rocketed.

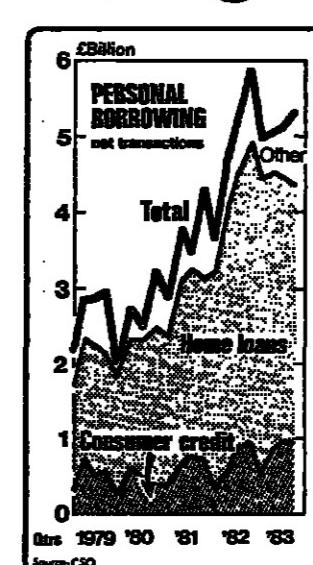
Stockbroker Phillips and Drew estimates that during periods when building societies have stepped up their mortgage lending, up to half the extra money has been used for purposes other than buying or improving houses.

So can the credit boom continue?

Paul Neild senior economist at Phillips and Drew, says that during periods when building societies have stepped up their mortgage lending, up to half the extra money has been used for purposes other than buying or improving houses.

But, says Neild, the consumer spending spree is probably past its peak. While there are few signs that we are about to re-learn the virtues of thrift we have virtually borrowed almost as much as we can afford.

NEXT WEEK: Credit cards.



The grueling interview with the bank manager to get a loan has been replaced by a simple form-filling exercise and even more significantly, credit cards have introduced the idea of "rolling credit," allowing customers to keep their borrowing topped up to a prescribed limit.

The growing proportion of people with bank accounts,

Bootle says, has also widened the opportunities for borrowing among lower income groups. Across alone had nearly 7m customers last year.

So people appear to accept weekly or monthly loan repayments, but pay little attention to the real cost after inflation adjustments.

MURRAY SMALLER MARKETS TRUST PLC  
MANAGERS: MURRAY JOHNSTONE LIMITED

Results for the year ended 31st May 1984

|   | 1984        | 1983        |
|---|-------------|-------------|
| Equity shareholders' interest               | £47,997,348 | £39,655,135 |
| Asset value per share                       | 171.4p      | 141.7p      |
| Revenue available for ordinary shareholders | £651,773    | £520,986    |
| Earnings per ordinary share                 | 2.36p       | 1.88p       |
| Ordinary dividend per share – interim       | 0.60p       | 0.60p       |
| – final                                     | 1.60p       | 1.40p       |
| Capitalisation issue in B ordinary shares   | 1,342,39%   | 1,412,22%   |

|                    | 1984  | 1983  |
|--------------------|-------|-------|
| Equities           | 21.7  | 24.2  |
| United Kingdom     | 23.8  | 33.1  |
| Europe             |       |       |
| Denmark            | 1.0   | 2.6   |
| France             | 2.0   | 2.0   |
| Germany            | 6.4   | 8.1   |
| Netherlands        | 4.7   | 7.2   |
| Norway             | 1.4   | 1.3   |
| Sweden             | 1.5   | 0.7   |
| Switzerland        | 5.8   | 9.5   |
| Murray European    | 1.6   | 1.8   |
| Japan              | 27.3  | 24.4  |
| Far East           | 20.7  | 21.8  |
| Australia          | 6.6   | 6.8   |
| Hong Kong          | 9.7   | 10.7  |
| Singapore/Malaysia | 2.4   | 2.6   |
| Others             | 2.0   | 1.7   |
| United States      | 10.9  | 13.6  |
| Other Countries    | 1.8   | 1.1   |
| Bonds              | 106.2 | 118.3 |
| Net Cash           | 11.2  | 19.5  |
| Total Assets</td   |       |       |

## YOUR SAVINGS AND INVESTMENTS

### UNIT TRUSTS

#### Bait for the unwary

CLIVE WOLMAN on how a unit trust was suddenly made to perform spectacularly—  
at least for a few weeks

YOU MAY have wondered why, whenever you put your savings into a unit trust which claims a spectacular investment performance, it loses money.

It is not difficult for a larger fund management group to find that at least one of its unit trusts over some particular period has performed well against some particular market index. It can then advertise its record aggressively.

Apart from such judicious selection, there are other possibilities for unit trust managers to manipulate their investment performance. One example is provided by the bizarre investment performance over the past 18 months of Oppenheimer International Growth Trust.

Oppenheimer Trust Management, a subsidiary of the rapidly growing financial services group, Merchant House Holdings, acquired its first UK unit trusts, including the International Growth Trust, in December 1982. As part of a large and successful New York fund management group, its aim

was to break into the UK unit trust market.

But four months later, at the beginning of May, the fund had marked up a disappointing performance. Its asset value per unit had risen by only 6 per cent in the year compared with a 17 per cent rise in the indices for the U.S. stock markets (where the fund was mainly invested) and 14 per cent for the average of world stock markets.

However, over the next few weeks, there was a remarkable transformation in the fortunes of the fund. During one 12-day period, the fund's offer price rose by 38 per cent, compared with a rise of only 1.8 per cent in the U.S. stock market (see graph). Such dramatic and rapid movements are rarely achieved even by the most speculative individual stocks, let alone internationally diversified unit trusts.

By the end of June, the fund was up 61.7 per cent. This was the figure that went into the half-yearly performance tables and ensured Oppenheimer came top out of its category.

Such figures, the first available, were bound to impress the professional unit trust advisers and brokers who direct most of the money flowing into unit trusts. According to one:

"If you are there in the performance tables with figures like

that, I am bound to notice you." It should be added that Oppenheimer pays commission to intermediaries in excess of the maximum permitted by the Unit Trust Association.

New money boosted the size of the fund from £235,000 at the end of June to over £6m. But those investors who have entered since June 1983 expect a similar spectacular performance have been disappointed.

The fund has risen 3 per cent since then (on an offer-to-offer basis) which is below the average both of all unit trusts and of unit trusts in its "international fund" category.

How did the fund managers achieve such a dazzling performance in May and June 1983?

The answer is that they filled the fund with the most attractive new issue of U.S. shares.

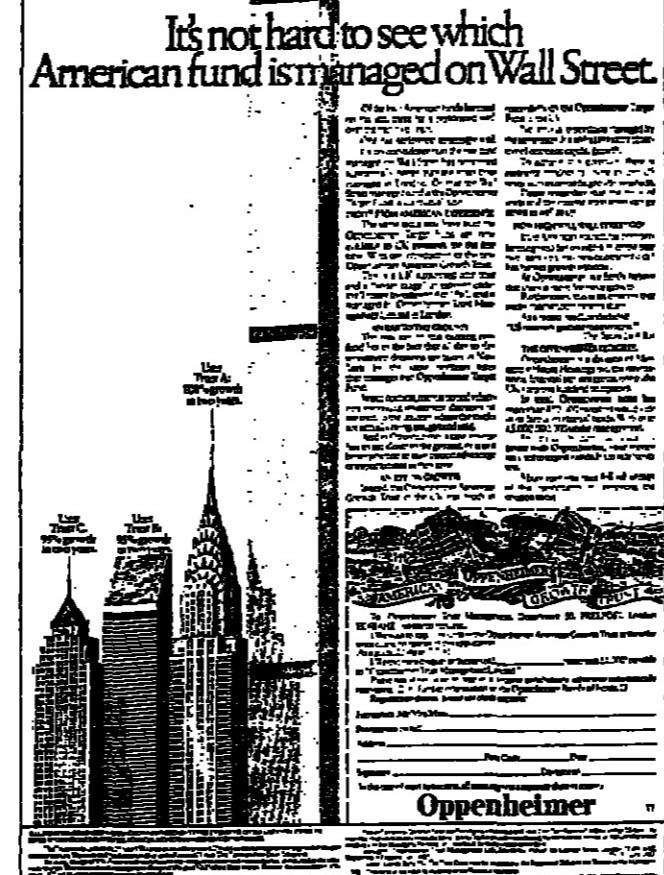
Nearly all the issues quickly rose to massive premiums well in excess of the premium notched up by Jaguar shares this week. One company, Integrated Resources, issued on June 2, rose to a 80 per cent premium, another, Tolerant Communications, achieved 53 per cent.

Figures produced for the FT by Going Public, a Philadelphia-based newsletter that tracks U.S. new issues, indicate that over 65 per cent of the total value of the Oppenheimer "international" growth trust was invested in the new issues of 12 small U.S. companies in a six-week period (except for one issue which was bought in March).

The unit trust managers' report for the period gave no indication of this remarkable activity beyond saying: "We have selected shares in rapid growth companies that do not need an economic recovery to prosper . . ."

As the stage of Jaguar know, it is not so easy to get a reasonable chunk of an attractive new issue. In the U.S., however, new issues are allocated on a basis similar to a UK placing of shares, rather than by tender or a fixed price offer. Large fund managers like Oppenheimer normally have sufficient clout to get a major slice of the action.

According to Donna Calder,



But it is hard to see which American funds are stuffed with new issues.

the U.S. fund manager for the International Growth Trust: "I was given a mandate to get as high a performance in that period as I could. I had to take advantage of the circumstances."

As she points out, the circumstances then were particularly favourable to new issues.

Another circumstance was the tiny size of the fund which allowed the profitable new issues to have a strong impact on its asset value.

As the fund grows, the impact diminishes. Also the clients of Oppenheimer's other funds might well object if one fund continued to be given more than its fair share of the Oppenheimer allocation of the most sought-after new issues.

It is often suspected that some insurance companies, which run unit trusts, engage in more systematic "window-dressing" to boost the performance

of their small but highly visible unit trusts at the expense of their large policyholder funds, by allocating the number of £50 prizes in the draw and decreases the number of £100 to £5,000 prizes. Hence, your chances of winning a big prize are getting worse.

The unit-holders in such funds clearly benefit. But without fuller disclosure by unit trusts of the sources of their profits in their half-yearly reports, it is dangerous to draw any conclusions as to whether such a fund's strong performance is likely to continue.

At least Oppenheimer, it has credit, lists the shares it has bought and sold, although last year's names, without further explanation, would not have meant much except to those who follow U.S. new issues closely.

The issue of an EEC directive however the number of prizes will grow directly in line with the number of bonds in the draw so that the odds will remain the same.

So what can you expect from Ernie? A large investment in Premium Bonds will increase your chances of winning, but not proportionately. While the odds for one bond are 1 in 11,000, the odds go up to about 1 in 11 if you own 1,000 bonds.

If you own 3,000 the odds are about 7 out of 20 that you will win, and close to 12 out of 20 if you own the maximum holding of £10,000.

Yet these odds are not in fact as attractive as they may sound. For example, if you own the maximum 10,000 bonds you could expect to win about six prizes per year. But under the new prize structure about 90 per cent of the prizes are £50, so that five of your prizes would probably be £50 and the other would probably be £100.

A total of £350 would represent an annual return of only 3.5 per cent.

One attraction of Premium Bond prizes is that they are free of all UK income tax and capital gains tax. Moreover, they offer you a way to enter a lottery for cash prizes while retaining the right to get your money back.

In future, options will qualify for tax benefits only if they are granted under a scheme which has already been approved. But options granted between April 6 1984 and July 7 1985 will qualify if the scheme has been submitted for Revenue approval by the end of 1984 and is subsequently approved.

The author is a solicitor practising in London.

#### Premium bond odds to change

YOUR CHANCES of winning a Premium Bond prize will improve in the autumn—but the chances of a large prize will be smaller.

National Savings recently announced that the average annual yield on Premium Bonds is going up from the current 7 per cent to 7.75 per cent free of tax beginning in the November draw. This does not compare well with other investment opportunities such as National Savings Certificates which will yield 9.0 per cent tax-free or building societies which are currently offering as high as 9.2 per cent net of basic rate tax on 7-day accounts.

But the yield on Premium Bonds is only an average: you could win much more or much less. Each month National Savings calculates the 7.0 per cent rate on the number of bonds owned (at £1 per bond) and the sum becomes that month's prize fund.

National Savings also unveiled a new prize structure beginning in November.

The new structure increases the number of prizes from about 100,000 to 150,000 per month, improving the odds of winning from the current 1 in 16,330 to a slightly better 1 in 11,000. Yet the new structure almost doubles the number of £50 prizes in the draw and decreases the number of £100 to £5,000 prizes. Hence, your chances of winning a big prize are getting worse.

The major difference between executive and self-employed pension contracts lies in the maximum value of the contributions and the final pension allowed by the Inland Revenue.

Executive pensions are regarded by the Superannuation Funds Office of the Revenue as company pension schemes. For this reason a limit is imposed only on the benefits provided by the scheme. There is no limit on the contributions paid into the scheme as there is for self-employed pensions.

A company scheme is permitted to provide the maximum two-thirds of final salary pension after only 10 years of service with scaled down portions for shorter service (see Table 1).

### PENSIONS

#### Sweet for executives and the rank below

ERIC SHORT continues his series on how to make the best of the present limited flexibility.

limits are related to the executive's final salary, with a maximum lump sum of 13 times final salary after 20 years. The limits for shorter periods are shown in table 2.

| Table 2 Cash Commutation Limits |  |
|---------------------------------|--|
| Years of service to pension age | Maximum cash as a fraction of final salary |
| 1 to 8                          | 1/60th for each year of service            |
| 9                               | 1/30th                                     |
| 10                              | 1/20th                                     |
| 11                              | 1/15th                                     |
| 12                              | 1/12th                                     |
| 13                              | 1/10th                                     |
| 14                              | 1/9th                                      |
| 15                              | 1/8th                                      |
| 16                              | 1/7th                                      |
| 17                              | 1/6th                                      |
| 18                              | 1/5th                                      |
| 19                              | 1/4th                                      |
| 20 or more                      | 1/20th                                     |

In theory, you could convert all your pension into a tax-free lump sum. But the SFO has wide discretionary powers and would probably not approve a scheme where the projected commutation just covered the cash contribution.

Even so, the lump sum benefit can be a higher proportion of the total benefit at retirement than the one-third fraction that applies to self-employed contracts.

The executive pension scheme can provide benefits on the death of a working manager amounting to a maximum lump sum of four times earnings at the time, together with a refund of the employee's contributions with interest. This combined sum is exempt from Capital Transfer Tax. In addition, it can provide a spouse's pension of a maximum of two-thirds of the executive's pension. This sum is calculated by reference to prospective service and salary at the time of death.

Since this is a company scheme, a normal retirement date has to be specified, whereas under a self-employed pension contract there is a wide choice as to when the pension is taken. But earlier or later retirement provisions can provide a considerable degree of flexibility.

The lump sum benefits mean that the company can pass its profits on to its controlling directors or executives through the pension scheme, although the executive has to wait for his reward until retirement. The CTT-free lump sum on early death can be used in passing down family businesses.

The pension arrangement can also be used in planning the company finances.

The SFO will allow contribution payments to vary between years as long as the average rate adheres to the actuary's calculations. So contributions can be increased in the fat ones and lowered in the lean ones.

If the company needs finance, the SFO will allow the pension scheme to end up to 50 per cent of its assets back to the company provided a commercial rate of interest is charged.

Executive schemes, like ordinary company pension schemes, may be self-administered by the company. This offers even more corporate tax-planning opportunities.

Comprehensive details of executive pensions can be found in the recently revised book Executive Pensions, obtainable from the Marketing Department, Financial Times Business Information, 102 Clerkenwell Road, London EC1M 5SA, price £18.

NEXT WEEK: How to make extra contributions to your company scheme.

Jeanne Reid

### SHARE OPTIONS

#### Ins and outs of a tax break

DAVID COHEN explains how the new Finance Act may make a stake in your employer's more attractive

THE 1984 Finance Act, which last week received the Royal Assent, shows the final shape of the new approved share option schemes for employees. Since the new schemes were last considered in these columns on June 2, the Government has made several amendments.

Though mostly designed to make things easier for employees who join schemes, these changes also increase the pitfalls. Those who recall the snakes-and-ladders board from the previous article will notice that, in the new board, the extra ladders are more than matched by an increase in the snake population.

The crucial advantage of the approved schemes is the favourable tax treatment for participants. Normally, when an employee is given shares in his company, any profit is taxed at his marginal income-tax rate of up to 60 per cent.

In contrast, profits from an approved scheme are subject

only to capital gains tax charged at a flat rate of just 30 per cent, after deducting the £5,000 annual exemption and disregarding inflationary gains.

An employee may forfeit this tax break if he sells his shares back to the company itself or if a future government legislates against approved schemes. But until the recent changes, the actual time the employee chose to exercise his option and buy the shares would not have affected his tax treatment.

Under the original proposals there were timing restrictions. An employee had to take up his shares at least three years but not more than 10 years after the option had been granted to him. Nor could he exercise one option within three years of another. These were prohibitions which had to be included in the rules of every approved scheme.

The option certificate issued by the company is unlikely to be much help since it usually gives only the date on which the option was granted, though more far-sighted companies may now decide to insert the third and tenth anniversary dates.

During the first three years of the option, relief is given only where the option-holder dies and his executors take up the permitted period. An employee

who changes jobs 2½ years after being given an option would prefer to make a profit on which he has to pay income tax than to have to let the option lapse and make nothing at all.

But the majority of scheme participants will want to exercise their options—if their company's share price has gone up—as soon as they can do so without paying income tax, ie, after three years. There is a danger that the absent-minded will leave their options languishing after three years—and even after the 10-year deadline, after which income tax becomes payable again.

The option certificate issued by the company is unlikely to be much help since it usually gives only the date on which the option was granted, though more far-sighted companies may now decide to insert the third and tenth anniversary dates.

During the first three years of the option, relief is given only where the option-holder dies and his executors take up the permitted period. An employee

who changes jobs 2½ years after being given an option would prefer to make a profit on which he has to pay income tax than to have to let the option lapse and make nothing at all.

They are used as a way of dodging tax either legitimately or by keeping profits away from the scrutiny and reach of the taxman. They are also viewed as an insurance against the return of a Labour government committed to the re-introduction of exchange controls.

In fact most offshore money invested by UK residents would probably not escape a new exchange control net imposed by a future Labour government. The majority of UK money invested is in the Channel Islands, which was subject to exchange controls before 1979 (if denominated in sterling), and probably would be again.

The Rothschild Old Court funds registered in Guernsey have anticipated this difficulty by denominating themselves in US dollars. But exchange controls could easily be reimposed in a different form so as to block this loophole.

There are funds based in tax havens outside a probable future exchange control area, for example in Bermuda, Luxembourg or the Netherlands Antilles. Some of them managed by respectable UK houses

such as GT or Save and Prosper. But the choice is much more limited.

The risks are high also for those considering breaking the law and concealing their profits and wealth in an offshore fund. Nearly all the double tax treaties signed by the UK provide for the exchange of information between the Revenue authorities of the two countries—and in fairly broad terms.

A safer way of ensuring anonymity is to buy bearer shares in an offshore fund. In that case, your name will not be registered with anyone. Most funds controlled ultimately by UK merchant banks and investment houses do not issue bearer shares.

Last week, however, Charterhouse J. Rothschild, the recently formed financial services conglomerate, set up a dollar-based international fund registered in Luxembourg with bearer shares. The fund will be managed from Guernsey in what the managers claim will be a "conservative way". The assets will be invested in a spread of equities and bonds in different world markets.

As far as legitimate tax planning is concerned, offshore funds can have several uses. But generally those advantages accrue only to deposit, currency and commodity funds in respect to a unit trust, you pay no instrument duty or stamp duty. This normally makes the entry charges, and thus the spread between the buying and selling prices of units, about 1 per cent less than in the UK.

For funds based in tax havens outside a probable future exchange control area, for example in Bermuda, Luxembourg or the Netherlands Antilles, some of them managed by respectable UK houses

use of your money until your tax bill is settled, which may be more than a year later.

However, there are complications in cases where the fund receives dividends from a foreign company which deducts a withholding tax. Normally a UK unit trust will be able to offset the withholding tax against its own—and its clients'—tax liabilities. And under the provisions of double tax treaties, the withholding tax is reduced.

But investors in most offshore



## BOOKS

**Mr K**

BY PETER QUENNELL

**The Nightmare of Reason:** A Life of Franz Kafka, by Ernst Pawel. Harvill Press, 466 pp. £12.95.

Some 20th-century novelists have had a strong prophetic gift; and among them was Franz Kafka who, from the depths of his own troubled mind, rather than like George Orwell, from his politics and social observations, built up a picture of a nightmarish world that, both in its whole atmosphere and in certain terrifying details, seems to foreshadow many of the grimdest aspects of an age he did not live to see. Having died in 1924, Kafka, offspring of a middle-class Jewish family settled at Prague, himself avoided the Hitlerian holocaust; but after his death numerous friends and associates perished and an important collection of his letters and manuscripts was seized on by the German police.

When a Czech sympathiser eventually tried to retrieve them the Gestapo answered that "the mountainous stacks of paper confiscated in those first days of Nazi rule had already reached such mountainous proportions" that they "defied all rational attempts at locating a specific document"; and the precious records his admirers sought have now disappeared beyond recovery.

It is a story that would have fascinated Kafka, since it evokes the sense of personal frustration and human helplessness that frequently runs through his novels, and is particularly characteristic of his two best-known works, *The Castle* and *The Trial*. The latter begins with a simple but ominous sentence: "Someone must have been telling lies about Joseph K. without having done anything wrong he was arrested one fine morning." K. is a perfectly innocent citizen, by profession a junior bank manager, and leads a sensible and ordinary life. But he is then plunged into a fantastic legal labyrinth, of which he can never learn the significance or grasp the underlying pattern. The crime he is alleged to have committed remains totally mysterious. His case is handled by an unending succession of Courts, "the Highest Court of all," he is told by a helpful acquaintance, being "quite inaccessible to you, to me and to all of us. What the prospects are up there we do not know and . . . do not even want to



Kafka: his last photograph

circumstances of her daily routine. He believed, it seems, by getting to know her well, and fixing her in his imagination, he might gradually overcome the horror he felt when he confronted the idea of marriage.

So deep was his literary self-absorption that, in 1914, he refused to pay much attention to the European crisis. From "the immense world that is within him" he would not, or could not emerge: "the urge to depict my dreamlike inner life has thrust everything else into the background." Dreams, however, though they include reflections of "real life," may be variously understood, and Kafka's novels, which are often transcripts of dreams that embody waking fears and conflicts, have provoked an enormous flow of critical discussion and psychological analysis. The bibliography that Ernst Pawel publishes at the end of his book covers seven crowded pages; and he quotes some of the more interesting pronouncements made by authoritative modern writers. According to Jean-

Paul Sartre and Simone de Beauvoir, Kafka was an early Existentialist, who "revealed to us our own problems, faced by a world without God." The so-called "Structuralists," too, he has recently attracted.

Max Brod, on the other hand, had already informed us that *The Castle* had a profound religious meaning, and represented "a symbolic quest for divine grace" in view that also appealed to its English translator, Edwin Muir. Kafka he likens to John Bunyan: *The Castle* to *The Pilgrim's Progress*. Both of these admirable story-tellers, he says, "agree . . . that the goal and the road indubitably exist, and that the necessity to find them is urgent." But there, it strikes me, the resemblance ends. As Christian traversed the river of death, "the Trumpets sounded for him on the other side," Kafka, a victim of the 20th-century world, had a profoundly sceptical outlook. Not a trumpet sounds for poor K. as he expires beneath the *Castle's* shadow.

## CHESS

E. P. C. COTTER

EARLY THIS week almost all the grandmasters in the Grievson Grant British Championship at Brighton were up with the leaders. In spite of occasional upsets in individual games, results have been generally true to form.

Miles, Short and Chandler all lost games in the first few rounds but soon recovered.

Tournament mathematics dictated an enterprising, positive approach. With more than 80 in the field, at least 8 points out of 11, perhaps 8½ or

9, were required for the title. Even a player who avoided defeat, a difficult task with such a uniformly strong entry, had to reckon on scoring five or six wins.

In an event dominated by youth and by GM titles, the good form of the oldest competitor, David Strauss, has been a revelation. When he left Britain in the 1960s, he was a modest county player; in California, he was several times state champion; now he is international master standard.

Nigel Short, the 19-year-old, justified his new status as world's youngest GM with this third round game whose economy of attacking effort and classical attacking finish shows the style of a potentially great player.

White: N. D. Short. Black: T. Puramswaran.

Sicilian Defence (Grievson Grant British Championship 1984).

1 P-K4. P-QB4; 2 N-KB3. P-K2; 3 P-Q4. Pxp; 4 N-P, N-KB2; 5 N-QE3. P-Q3 6 P-KN4; P-KR2; 7 B-N2. P-R3?

This and the next move look too slow against White's looming kingside attack. The natural plan is B-N5xN followed by P-K4.

8 O-O-O. N-K2; 9 R-B3. P-N3; 10 N-SN. N-KN; 11 B-Q3. P-N3; 12 P-KR4. P-KR4; 13 P-KN4!

Black's king is short of defenders, so White can open up the KN and KR files by sacrifices. Any clever plan would permit B-N2 with white square counterplay.

13 R-PxP; 14 P-R5. PxN; 15 R-PxP. P-KB4; 16 R-R7. N-K2; 17 Q-R2! NxP.

Otherwise White mates by RxR ch or R-R8 ch.

18 R-N1. Q-K1; 19 Q-R5; R-B2; 20 RxN. K-B1; 21 R(N8)xR.

Resigns. If RxR: 22 R-R8 ch wins the queen. White gave his opponent no chance to recover from a poor opening.

POSITION NO. 528

BLACK (15 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

POSITION NO. 528

WHITE (15 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

BLACK (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.

Here White looks on top, as he threatens QR-K1 followed by P-K5. Black (to move) chose an apparently defensive and positional move which also sprung a trap of a type which often occurs in practical matches and tournaments. What did he play?

PROBLEM NO. 528

WHITE (8 men)

E. Teichmann v. A. P. Smith, Grievson Grant Congress, Brighton 1984. This diagram arose from the sharp Benoni (1 P-Q4. N-KB3; 2 P-QB4. P-B4; 3 P-Q5. N-K2) where White advances centrally while Black counters on the flanks.



## ARTS

The 38th Edinburgh International Festival opens tomorrow with the Washington Opera giving two Menotti works in the King's Theatre and Riccardo Muti conducting Rossini's *Stabat Mater* in the Usher Hall. The festival guide, price £1.50, is obtainable from the Festival Office, 21 Market Street, Edinburgh. Full review coverage begins next week. Meanwhile, our critics anticipate the highlights of the next three weeks.



### MUSIC

With no clear profile to the concerts and opera in Edinburgh this year, highlights are scattered throughout the programme, with something to satisfy the most discriminating palates on most days, writes Andrew Clements.

Tomorrow's opening concert is entrusted to the Philharmonia Orchestra under Riccardo Muti, in two works which are familiar from Muti's London programmes.

Beethoven's second symphony and Rossini's *Stabat Mater*. Also

tomorrow, the first of this year's two visiting opera companies opens at the King's Theatre: the Washington Opera is bringing a double bill of one acters by Gian Carlo Menotti,

*The Telephone* and *The Medium*, in productions directed by the composer, for five performances in the first week of the festival. On Tuesday 21, Scottish Opera unveils its new production of Cavalli's *Orion* (directed by Peter Wood, conducted by Raymond Leppard), with sets and costumes borrowed from last year's staging by Santa Fe Opera.

But potentially the most interesting opera of the three weeks has had to be cancelled at the last moment: Welsh National Opera's fine production of Martini's *The Greek Passion*. Reginald Goodall, who as to conduct the company's concert performance of Paisiello at Edinburgh, has recently undergone an emergency operation to remove his appendix and the WNO has withdrawn from the festival.

Among the regular stream of orchestral concerts several stand

out: the young and immensely talented Finnish conductor Esa-Pekka Salonen appears for two programmes with the Philharmonia (August 14 and 15), the second of which includes the Scottish premiere of Lutoslawski's third symphony; the Boston Symphony visits with its principal conductor Seiji Ozawa (August 26 and 27), while the BBC Symphony offers a quite delectable programme with Pierre Boulez on August 22, which includes Jessie Norman as soloist in Berlioz's *Alteburg Lieder* and Debussy's *Troubadour de François Villon*.

There is the usual array of international soloists in recital at The Queen's Hall—Salvatore Accardo, Kristian Zimmerman, Fischer-Dieskau (his concert of Brahms songs is put in the Usher Hall). Yo Yo Ma (who plays the six Bach cello suites in two recitals), Irina Arkhipova, Heinz Holliger—while chamber music is left to the Orlando and Salomon Quartet's and the Borodin Trio.

Twentieth-century music has a respectable showing this time too. Holliger includes two of his own works in his recital; the Ensemble of the 20th Century offer a pair of nicely contrasted programmes, as does the Koenig Ensemble at the very end of the festival. The Koenig offers one of the festival's two premieres—a commission from Jonathan Harvey: the other comes from the Scottish Chamber Orchestra on Monday next in the shape of Geoffrey Cotton's *Athenland*, described as a concert for mezzo soprano (India Hirst here) and chamber ensemble.



### THEATRE

The festival drama programme opens tomorrow night with the sixth Edinburgh revival of Sir David Lindsay's Scottish medieval morality pageant *Every Satyre of the Thrie Estates*. Frank Dunlop is billed as producer, with Tom Fleming as director, of the Assembly Hall presentation which runs throughout the three weeks, writes Michael Coveney.

The Harold Bloomfield Theatre of New York brings a triple bill of Beckett plays directed by the late Alan Schneider to the Churchill Theatre in Maida Vale Road. Schneider was the outstanding American director of Beckett and Pinter, and the short pieces, here given their British premiere performances, should prove a fitting testimonial. The plays are *Ohio Impromptu*, *Catastrophe* and *What Where*. Also from New York in the first week come the husband and wife

## Edinburgh International Festival 1984



Frank Dunlop, formerly director of the Young Vic, is the new Edinburgh Festival director. He introduces a half price ticket booth for same day performances at the Scottish Gas Information Centre

team of Eli Wallach and Anne Jackson in a Murray Schisgal farce *Trice Around the Park*, at the King's Theatre, and from Paris Delphine Seyrig and Georges Wilson in a Sarah Bernhardt celebration *Sarah et Le Cri de la Langouste*, at the Royal Lyceum.

The official programme, apart from such possibly attractive sideshows as Max Wall in another Beckett item, a version of *Malone Dies* at the Church Hill Little Theatre and Marius Goring ruminating on Coleridge in St Cecilia's, picks up again in the third week, when the Negro Ensemble from New York bring their acclaimed production of *A Soldier's Play* by Charles Fuller to the Royal Lyceum.

In the same week, the Berliner Ensemble give two performances of Brecht's *Galileo*, in the King's Theatre, with Ekkehard Schall, the most distinguished surviving link with the early Brechtian era of the company, playing the revolutionary scientist. How the Berliner Ensemble survives the onslaught of new fashion and theatrical style is

an unsolved problem of European theatre, where the company is no longer pre-eminent. Some clues may be gleaned, perhaps, in their first brush with Goethe's *Scenes from Faust*, directed and designed by Horst Sager, plays two performances at the King's right at the end of the festival.

The healthy erosion of the distinction between Edinburgh's official programme and the fringe is best represented this year by Lindsay Anderson's production of *The Ploughing of the Western World* in the Assembly Rooms. The fringe has a new chairman—Jonathan Miller (and who better?) in succession to Andrew Crisp, and a new sponsor, BP. The Synge revival comes from United British Artists (the Finney/Jackson/Richard Johnson new alignment) and the cast includes Frank Grimes and Nichola McAuliffe.

There are several venues operating round the clock in the Assembly Rooms and the tumultuous activity of alternative comedians, radical dancers, committed puppeteers will no

doubt draw the trendy crowds. My suggestions would embrace Neil Innes's one-man show, Cliff Hanger's *Gamblin' Vicar*, Robert Cushman's *Finger in the Jam*, The Kosh, The Joys and—absolutely unmissable—Darin Fo in *Mistero Buffo*.

The Traverse promises to be better this year—it is so sad to have an Edinburgh Festival with a dairycy, underpopulated Traverse, as last year—with Susannah York in Cocteau's *The Human Voice* and Simon Callow playing Rousseau (*Melancholy Jacques*, of course)

Going away from the Assembly Rooms is a must for the true fringe aficionado. Such a worthy must investigate the previously unperformed Arnold Wesker play *Saints Hand*, at the Nethernew Arts Centre, or a rare revival of Bob Fosse's *Pippin* at the Viewforth Centre; or Miriam Margolyes at Gorrdie Stein at Richard Demino's new place in Canongate Lodge; or, indeed, a group of Cockney psychiatrists in *Never Mind the Quintaine, I've Got a Hard On*.

Edinburgh Film Festival

What Are We Here For, Brothers? now the title of a six-part series on Radio 4 on Tuesdays, was 20 years ago the difficult question put to the Trade Union Council by its general secretary, George Woodcock. It is certainly a question that needs to be put again now. Membership of the unions is dropping—down almost half a million in the last year—finances are dwindling, subscriptions are less acquiescently paid and benefits less generously distributed. Branch meetings are attended only by minorities of enthusiasts.

The line-up for this year's

Edinburgh Film Festival shows

that Jim Hickey's regime as

director is now coming triumph-

antly into its own, writes Nigel Andrews. Not even his pre-

decessor, Lynda Myles, ever gathered a collection of American films as large

and distinguished as this year's

including new works by Woody

Allen, John Huston, Walter

Hill, Clint Eastwood and the

Abrahams-Zucker team who

brought you *Alpine*. In

addition British cinema, which

Edinburgh has always championed, is amply represented

from quasi-commercial end of

the scale with Stephen Frears's

*The Hit* and Pat O'Connor's *Cal*

to low-budget independent by

*Through An Unknown Land* (director Phil Mulroy) and *Rainy Day Women* (Bettie Bolt).

The round-up of new interna-

tional films, plucked from recent festivals or receiving

their very first airing in Edin-

burgh, is also strong. Must-see

include Allen Fong's *An Ying*, *Wim Wenders' Paris Texas* (opening

in London after the festival), *Sergio Leone's 34-hour Once Upon A Time In America* and *Jim Jarmusch's Stranger Than Paradise*. Challenging closely

are *Lino Brocka's Bayan Ko*, *Satyajit Ray's The Home And The World*, Neil Jordan's *Company Of Wolves* and *Lamé Le's piquant French-Vietnamese war*

parable *Poussière d'Empire*.

These personal recommendations are matched by an equal or greater number of films I have not seen, though I eagerly anticipate such works as Bill Forsyth's *Comfit* and *Joy Charles Burnett's My Brother's Wedding*. *Jana Bokova's Sunset People* and Alex Cox's highly

praised *Repo Man*.

All this and haggis too. Where else would you wish to be in August?

### FILM

### DANCE

### EDINBURGH INTERNATIONAL FESTIVAL

### EDINBURGH FILM FESTIVAL

### EDINBURGH THEATRE FESTIVAL

### EDINBURGH CROSSWORD PUZZLE

### EDINBURGH INTERNATIONAL FESTIVAL

### EDINBURGH INTERNATIONAL FESTIVAL</h

talk

## LEISURE

**Bargain of the half-century**

## MOTORING

STUART MARSHALL

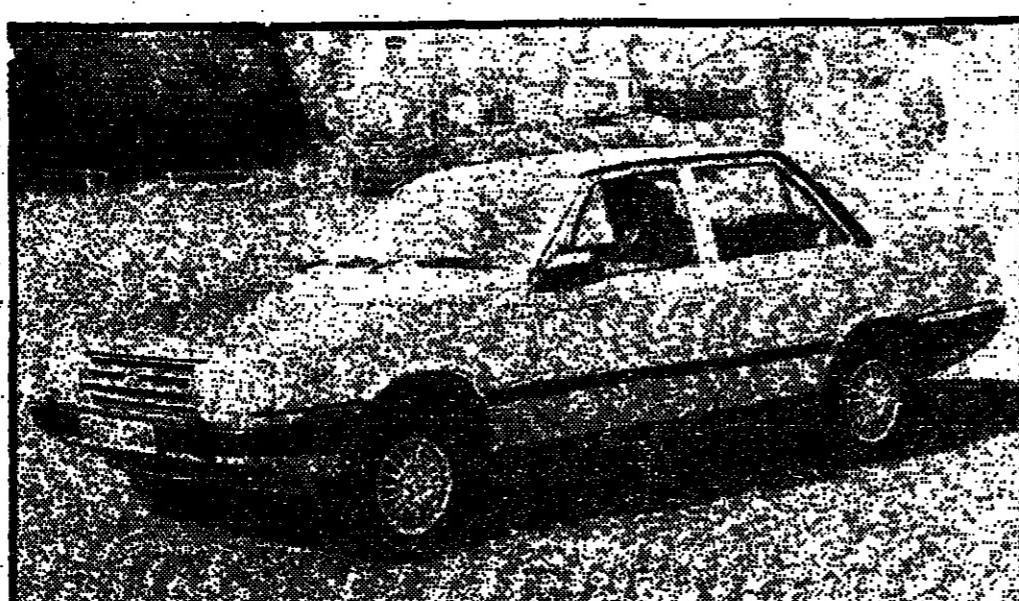
HOWEVER you look at it, the Hyundai Stellar has to be the greatest motoring bargain since the \$100 Ford of 50 years ago. It is a big family car, 14 ft 6 in long and 5 ft 7 in wide. Its specification is astonishing.

Standard items of the 1600GSL I have just tested included electric windows on all four doors, central locking, alloy wheels, AM/FM stereo tape/radio, 5-speed gearbox, headlamp washers and lumbar adjustable tilting/reclining driving seat.

The finish is excellent, the body panels fit properly and the price is an almost unbelievable £3,494 on the road. Lower specified models are a 4-speed 1600L at £4,497 and a £4,996 SL. An automatic transmission 1600GSL is a remarkable £5,883.

The bad news is that the on-the-road price offer expires on August 31 and eager buyers have snatched the first batch of Stellaras out of the showrooms. From the beginning of next month delivery and number plates will be charged extra but the Stellar will remain a best buy. The importers expect to sell 3,000 of them before the year's end.

How does the Korean Hyundai company offer this Italian-styled Cortina successor at so low a price? Productivity is high enough in that country to frighten the Japanese and the



The new Hyundai Stellar 1600 GSL

mechanical design of the Stellar is unsophisticated.

The 1.6 litre overhead cam-shaft engine is a Mitsubishi design of the mid-1970s made under licence and the rear suspension is a live axled, coil sprung system like the Cortina's. (Hyundai have been assembling Cortinas for 15 years).

There is some mechanical noise at over 4,500 rpm but motorway cruising at 80 mph (under 3,400 rpm) is quiet. The handling, fast driven on winding roads, wouldn't impress an

enthusiast and ride comfort on bad surfaces is not in the same class as, say, that of a Sierra or Montego.

But anyone looking for a better equipped replacement for a five-year-old Cortina 1.6 will be well pleased by the Stellar's performance and comfort and ecstatic about the price. The 12-gallon tank gives a cruising range of at least 360 miles — nearer 450 miles for the economy conscious driver.

The boot is enormous; the fascia and minor control layout

right up to date and the interior space adequate for five people. I am not sure about the alloy wheels and 70 series tyres; all that rubber makes the steering heavy at low speeds.

Narrower 80 series tyres on steel wheels would perform just as well, save a little fuel and make available the money for a tilting sliding glass sunroof. It is about the only item of equipment any buyer could wish to add to the Stellar 1600GSL.

**Nasty remedies**

THE BRITISH are apt to wax indignant about the scarcity of birds in France where, in the shooting season, everyone is out with a gun banging at anything that moves. But there is method in this behaviour: how else would the bird population be kept in check? If they were unmolested, the vineyards would be devastated by bird populations on the British scale.

There was a time when cherries were harvested in the southern counties, but how often now do you see British cherries in the shops. Today they come mostly from southern Europe where there is more consideration of the destruction which can be caused by pretty or sweetly singing birds.

The Kentish orchards I used to visit were a picture with tall trees covered with cherries

**COUNTRY NOTES**

JOHN CERRINGTON

to within a yard or so of the ground. To protect them against birds the orchards were watched or shepherded by men with shotguns loaded with dust shot and noisy instruments to scare them away. A great many birds would have to be killed to make sure of a harvest.

Somehow, no one seems to worry if the damage caused is to farmers who are most unpopular these days. British wildlife is no respector of persons, as anyone with a country garden can testify.

Deer do quite a bit of damage to cereal crops as well as damaging woodlands. But do you know they are fond of roses? A neighbour of mine found out the hard way when she found her best bed of them grazed down to pruning level one morning. The deer had jumped a high fence in and out of the garden, leaving only hoof marks and a scattering of droppings.

Even the tits which we have cherished all the winter go for the putty in the windows or find their way into milk bottles.

Collectively, birds do a great deal of damage but we never unite to defend ourselves except when the whole community is affected. This is the case in the village of Tangley, Hampshire, where I live. Our church was improved about 90 years ago by the addition of a spire to protect a peal of bells donated by a local landowner.

"For months, marathon followers have been taking up the notion that there is so much talent today that a half-dozen men may be bunched as late as the last mile, and that consequently we could see such a group in an unprecedented kick on the track of the Los Angeles coliseum.

If that happens, a number of men will be kicking themselves afterwards, for allowing themselves to be set up that

**SPORT**  
**Can Australia strike gold in the marathon?**

IF YOU nurse a suspicion that marathon runners lack something up top you may well be on to something, for no one I know — and least of all marathon runners — can really explain what makes them do it. Yet they run and we watch, and the marathon stands unchallenged as sport's most compelling drama.

Tomorrow evening one of the best marathon fields ever assembled sets out from Santa Monica College on a run of 26 miles, 385 yards (42,195 km) to the Los Angeles Coliseum in what will be the final event of the 1984 Olympic Games.

About 129 minutes later — the world record for the marathon is 2 hours 8 minutes 13 seconds, held by Alberto Salazar of the U.S. — the winner of the men's marathon will have been saluted, and the Olympic caravan will be ready to leave town, to unfurl its wares again in four years' time in South Korea.

What cannot be foreseen is who will win, or in what manner, for as the pre-race favourite, Australia's Robert de Castella, has pointed out, favourites tend not to win Olympic marathons.

Moreover, there is the added complication of the LA weather. Will it be hot and foul, or comparatively clear and cool? Will tomorrow's finish match in drama the Olympic women's marathon last weekend, in which Switzerland's Gabriela Andersen-Scheiss suffered heat prostration and dehydration, causing her to stagger round like the Coliseum for the last 400 metres?

It is hard to say, but the action will come fast. According to Marc Bloom, editor of *The Runner* magazine: "Much has been made of the growing depth in the marathon, the race which has been the centrepiece of the running boom."

"For months, marathon followers have been taking up the notion that there is so much talent today that a half-dozen men may be bunched as late as the last mile, and that consequently we could see such a group in an unprecedented kick on the track of the Los Angeles coliseum.

If that happens, a number of men will be kicking themselves afterwards, for allowing themselves to be set up that

Michael Thompson  
Noel reports from  
LOS ANGELES

way. I don't think we'll see something like that."

If a bunched finish is unlikely, there is still enough talent in the race to guarantee drama and surprises.

Portugal, the 1976 Olympic silver medallist at 10,000 metres, Juma Ikangaa of Tanzania, facing his eighth marathon in 18 months; and Gidauis Shahane, another Tanzanian, who won the LA marathon over the Games course this year.

However, the likeliest winner is still Robert de Castella — "Deck" to 15m Australians — who has won four major marathons in succession, including the 1983 world championship.

He is noted for his late-race strength, has had no reported injuries and is favoured to give Australian its first Olympic gold medal in this event.

De Castella runs 133 miles a week, mostly in the hills south-west of Canberra, where rosellas and kookaburras screech at his passing. He has heavily muscled legs supporting a wiry upper torso, as though



Daley Thompson, triumphant again in the Olympic decathlon, on the hurdles stage of his golden road

Some fancy Salazar, who is fit and well again, or Toshihiko Seko of Japan, who has a spotless record, trains fanatically and has a deadly kick.

A gold medal at the 1984 Olympics is De Castella's consuming passion. Like many a great Australian runner before him, he will not be easily thwarted.

Trevor Bailey says 'Well done, England, but . . .'

**Search for a new Trueman**

WHATEVER the eventual outcome, England can look back at the first day of the Oval Test with satisfaction, one of the rare occasions in their fight to avoid the ignominy of a whitewash by the West Indies.

They had their formidable opponents in serious trouble. Although one felt the tourists should not have been allowed to recover from 70 for 8, thanks largely to a well-judged innings by Clive Lloyd, to dismiss the tourists for 190 after they had elected to bat was still a highly satisfactory performance.

For the first time this summer, all of England's seam quartet looked menacing in their different ways. They may have been fortunate to encounter conditions where the ball swung, but they did exploit this bonus. However, possibly the most important reason for their success was that three of them, Allott, Agnew and Ellison, possessed the confidence gained from a goodly haul of wickets in county cricket.

One theory is that various grubs and insects live under the shingles and the birds are engaged in digging them out. It was suggested that if the interior of the spire could be impregnated with insecticide it would remove the attraction nad the birds would lose interest.

This idea has not worked out and the attacks continue. The woodpecker is a protected bird and the sensible solution — providing a keen shot with a box of cartridges was ruled out of order.

After a year or so of argument it has been decided to re-tie the spire with woodpecker-proof cement tiles and fates are being held to raise the necessary £7,000. So the woodpeckers have won.

Certainly Malibu Orange, the one on view, was impressive in colour and habit. I have found mimulus more difficult to grow well than impatiens, primarily because it needs a lot more water and I am not always there to see that it gets it.

For anyone looking for a change mimulus could be an interesting choice. The seed does not require so high a temperature for germination as impatiens.

Seed varieties of geranium are big business because of the almost complete change over of the public parks from cutting raised to seed raised plants.

There is controversy as to whether seed holds any advantages for amateurs and I certainly do not think that many can be expected to raise a new batch of seedling geraniums every year but as a relatively cheap way of starting a collection seed is attractive.

Scarlet Diamond and Cherry Diamond are two new American-raised varieties with respectively silver and bronze Fleuro-select medals and both are clearly good. But I was more attracted by Solo which is British-raised and has deep red flowers.

I think most gardeners would prefer the effect of the taller plants even though these need the support of twigs.

Impatiens or busy lizzie has taken an enormous leap forward in popularity since the introduction of carpet forming varieties such as Super Elfin and Imp. At Stoke Gabriel they were suggesting that some of the new dwarf mimulus hybrids were due for a similar surge in popularity.

I rate this a very good plant and am not at all surprised that it has won a bronze medal in the All-Europe Fleuraset trials. Seed will be available next year.

Nicotianas have been greatly changed these past 10 years or so by the introduction of much

men by sheer speed. Although Willis and Snow were genuine fast bowlers, neither had backed up of comparable speed.

In an effort to find some fast bowlers, Webster's Yorkshire Bitter has just launched £100,000 sponsorship aimed at unearth six quick bowlers this winter. This campaign will be under the direction of Ted Dexter. Bob Willis and John Snow, and the intention is to rectify the present situation.

Although a fast bowler is able to reach the top more quickly than other cricketers, a year is a decidedly optimistic, because the one swing the ball more than any of his colleagues. The one criticism of his impressive Test debut would be that his swerve started rather early, giving a banana flavour.

The ebullient Botham, who apart from a marvellous performance with the ball at Lord's has often been expensive and unimpressive this summer, came back to his best, picking up five wickets including his 300th in Test cricket.

He is of course the one player with the ability to set up an England victory with either bat or ball which is why he is so indispensable.

In recent years, nearly all the most successful international bowlers have possessed very fast bowlers. The West Indies in particular have been the ones to dominate for more than a decade. Australia when Lillee and Thomson provided the blitzkrieg, and in the early seventies Procter and Pollock for South Africa.

Unfortunately, it has been far too long since England possessed two, or more, pace men who worried and hurried batsmen by sheer speed. Although Willis and Snow were genuine fast bowlers, neither had backed up of comparable speed.

Although Ellison, big and strongly built, may have a somewhat ungainly action, he certainly swing the ball more than any of his colleagues. The one criticism of his impressive Test debut would be that his swerve started rather early, giving a banana flavour.

The ebullient Botham, who apart from a marvellous performance with the ball at Lord's has often been expensive and unimpressive this summer, came back to his best, picking up five wickets including his 300th in Test cricket.

He is of course the one player with the ability to set up an England victory with either bat or ball which is why he is so indispensable.

I have the feeling that any unknown club fast bowler who is exceptionally quick must have already caused so much damage to wickets and opponents that this news will have already reached the nearest county club in its vicinity.

But if Yorkshire Bitter does discover a Yorkshire bowler like Fred Trueman the whole exercise would be well worth while.

**Victorian golfers**

GOLF HAS grown so much. These days the major championships are massive media events. But when Francis Powell Hopkins, a retired army officer, penned his first thoughts on the game in the early 1880s he happily had no idea of the overbearing army of journalists and camera crews.

Hopkins' witty and knowledgeable writing in *The Field* in the second half of the last century has recently earned him the accolade of "father" of modern golfing journalists. But as golf historians Ian Henderson and David Stirk also point out in a lavishly illustrated new book, his ability to paint the golfing scene and the players in it give him an even better claim to fame as the outstanding golf artist of the last century.

Painting at a time when photography was first being used to record sport and sportsmen. Hopkins' oils and watercolours (the latter signed Shortboom, Major Shortboom or just Major S) were reproduced as photographs and brought to a limited sporting public in his day the atmosphere of the game and the people who played it in a way that had never been attempted before.

Thanks to Henderson's and Stirk's diligent researches they have discovered over 50 of Hopkins' paintings hanging largely unnoticed in some of

the UK's best known clubs— the book now brings to the attention of modern day golfers the talents of a hitherto unknown and forgotten man.

Although the first reference to golf is contained in an Act of Parliament in the reign of James IV of Scotland in 1457, he banned it because it interfered with archery—the game did not become truly popular until the 1870s. With the arrival of the much cheaper gutta-percha ball and the increased leisure time afforded by the Industrial Revolution, a new era dawned which was far removed from golf and golfers of the "feathery era" (a reference to the original feathered ball).

New clubs were formed with the sole object of playing the game, new clubs and balls were developed, and this in turn led to changes in style and methods of play. Most important as far as Hopkins was concerned, newspapers found something interesting to write about.

Hopkins' pictures mainly depict golfers from Blackheath, North Manchester, Westward Ho! and Hoylake—the only four courses in England in the 1870s. His subjects were a happy band who travelled around, meeting one another at these four locations, drinking and dining together afterwards and giving and accepting other challenges.

Henderson and Stirk cite several significant features from the Hopkins portfolio of paintings between 1871 and 1877. The pictures show, for example, how there was no defined area for the tee or green and how the wooden clubs being used at the time were still long nosed (and did not disappear until the late 1880s). They also contain insights into club dress, in particular on the subject of red coats which were worn by some to indicate to non-golfers on public land that their life could be in jeopardy from a little white ball (red sweaters are still incidentally worn at Wimbledon Common GC, South London, for the same reason).

Hopkins' work is entertaining primarily because he was the first British artist to paint golfers in a natural setting swinging golf clubs on a golf course rather than in formal poses against a largely imaginary background.

Shortspoon, Major F. P. Hopkins 1830-1913 Golfer, artist and journalist, Ian T. Henderson and David Stirk, pp 72, 60 illustrations (29 in colour). Price £20 (posting and packing £2 extra in UK) from Rontledge-Harris Storage Ltd, Broadway House, Newton Road, Henley-on-Thames, Oxon RG9 1EN.

Tim Dickson

**Pick of the annuals****GARDENING**

ARTHUR HELLIER

misleading but there is a good case to be made for indicating the best stocks in some way, perhaps by appending the grower's name to them.

Many seed growers carry out their own extensive trials, not only of the varieties that they market but also of those marketed by other firms and by newcomers that are still being assessed for quality and distinctiveness. Suttons have carried out such a trial at Stoke Gabriel a few miles from Paignton in Devon and I visited this at the end of July to see what they were doing.

I imagine the first reaction of most people seeing such a comprehensive trial for the first time must be bewilderment at the number of similar varieties.

Only slowly, as one studies them, does it become apparent that there are many differences and the longer one looks, the more important these differences are seen to be. There can be a long bed filled with row after row of scarlet salvias each name, any one of which, on its own, would appear a fine

# FINANCIALTIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871

Telephone: 01-248 8000

Saturday August 11 1984

## Targeting with no target

**R**EIFICATION is an interesting, if somewhat obscure, philosophical term well known to sociologists and cognitive psychologists, but as yet unfamiliar to the majority of High Street bankers and investors in the gilt market. This ignorance needs to be rectified. To reify is "to convert an abstract concept mentally into a thing or material reality." Armed with this definition participants in the foreign exchange and money markets should have no trouble making huge fortunes. For reification appears to provide the vital clue to the most mystifying question of contemporary discourse in the City of London: what on earth is the Bank of England up to?

There is no need to reconstruct in detail the sequence of ups and downs in the fortunes of sterling; the money supply figures and clearing bank base rates over the past few weeks to detect a certain ambivalence about the authorities' monetary operations. The alacrity with which the Bank this week led interest rates lower, accompanied by the governor's statement on Monday that there had been "no case in the domestic monetary situation" for last month's interest rate jump, left a suspicion that the rules of the monetary game were perhaps in a state of flux.

### Undertone

If domestic monetary conditions did not justify higher interest rates, it was hard to resist the inference that external conditions, as manifested in last month's slump in sterling's trade-weighted exchange rate, must have had something to do with it. Of course the Treasury and the Bank dismissed heretical suggestions about having adopted an "exchange rate target." But the race between the Bank and the discount houses to push interest rates down on Wednesday and Thursday informed the heretics again.

Admittedly, the cut in interest rates could be justified by Tuesday's spectacularly bullish money supply data; but would the Bank have signalled a second base rate cut had it not been for the weakening of the dollar and the firm under-tone of sterling after Wednesday's interest rate decline?

### Concern

It would be churlish to dispute the Governor of the Bank of England, when he insists, as he did in his interview in the Times on Monday: "There is no exchange rate target level and we are content to see the exchange rate move with market forces." The Bank does take the exchange rate into account in interpreting the monetary aggregates; but this does not mean tightening monetary policy whenever sterling happens to weaken. Far from it; last month, for instance, the Bank judged that domestic

there is only one major criticism which can be made of such a generally pragmatic policy: if the world economy remains as turbulent as it has been for the past few years, Britain may end up paying a higher price in terms of interest rates, than it would have done, either with a totally hands-off approach to the exchange rate or with a more explicit exchange rate target. The major Continental European countries have much lower short-term interest rates, relative to their rates of inflation, than Britain and they have been considerably more successful in decoupling from the fluctuating dollar. In the stormy world environment which is likely to continue for the foreseeable future, the European Monetary System looks like a safe haven of relatively low interest rates which Britain may be unwise to ignore.

## Public supply policies

From the Managing Director, Roland Walton Associates.

**S**ir.—Two reports of the Public Accounts Committee, published during the past few weeks, highlight the urgent need for remedies (as well as diagnosis) in dealing with problem areas involving public procurement and supply policy in two of the highest-priority Government departments.

The first concerns purchasing arrangements for supplies to the National Health Service. While it is true that one of the major tasks of the Health Services Supply Council set up four years ago was to identify areas in which savings could be made, it was made clear from the outset that total objectives could not be achieved under the existing structure. Having regard to the great size and relative importance of the NHS as a major public service, the necessary organisational changes clearly take time to implement. These changes are proceeding and savings already realised have outweighed the cost of the supply council administration many times over. The potential savings are enormous and will fully justify the application of professional skills in purchasing and supply management which the original problems demanded.

The second report deals with the economy of stores support in the Ministry of Defence, and gives less cause for optimism. A review of the ministry's organisation has been ordered covering the provision of supplies to the Services but one is prompted to ask whether the necessary expertise will be available at both strategic and implementation levels to tackle this enormous task. Apart from a stores inventory "valued at some £5bn" there will be many millions worths of capitalised equipment as well as items written down and obsolete stocks. Some parts of the MoD civil and military strength have staff

resources and experience in supply management but it would be reassuring to know that the review body recognises that the one vital prerequisite for putting to rights this situation of great public concern is an adequate corps of properly experienced and qualified staff. The Treasury could not work without professional accountants and systems experts. Public supply organisations cannot work without effective purchasing and supply managers.

J. R. Cammon.  
First President, Institute of Purchasing and Supply,  
11, Cumberlidge Green,  
Clerdon, Aron.

### The vanishing pound

From Mr A. Taylor.  
Sir.—I noticed, August 12, that you referred to hostile criticism of the £1 coin. This seems rather strange as I find it to be a very useful coin. One of the reasons why so few appear to be in circulation is because it is a nice chunky coin to save in piggy banks.

In which savings could be made, it was made clear from the outset that total objectives could not be achieved under the existing structure. Having regard to the great size and relative importance of the NHS as a major public service, the necessary organisational changes clearly take time to implement. These changes are proceeding and savings already realised have outweighed the cost of the supply council administration many times over. The potential savings are enormous and will fully justify the application of professional skills in purchasing and supply management which the original problems demanded.

The second report deals with the economy of stores support in the Ministry of Defence, and gives less cause for optimism. A review of the ministry's organisation has been ordered covering the provision of supplies to the Services but one is prompted to ask whether the necessary expertise will be available at both strategic and implementation levels to tackle this enormous task. Apart from a stores inventory "valued at some £5bn" there will be many millions worths of capitalised equipment as well as items written down and obsolete stocks. Some parts of the MoD civil and military strength have staff

Privatisation and the merger boom—a hectic summer for the stock market

## Racal goes fishing for Chubb

By Guy de Jonquieres and Ray Maughan

**C**HUBB & SONS, one of the world's best known locksmiths, has spent the last fortnight on standby, waiting for the bid which its share price said was imminent. The offer came, unexpectedly, from Racal as Chubb joined the long list of famous British companies which have faced takeover bids this summer.

That seems clear enough, except for one caveat: despite the satisfactory domestic conditions, the Bank did concede the biggest interest rate jump for two years. Is the exchange rate the dominant influence on interest rates after all then? Perish the thought, the Governor tells us. Interest rates rose not because of the Bank's concern about the slide in sterling, but because the fall in the exchange rate started rapidly to unseat domestic markets. What with all this upset and foreigners selling sterling as a result of the dockers strike, "there was such a strong move in the markets that failure to act would have been dangerously misunderstood."

### Reality

Confused? No need to worry, for this is where our friend reification comes to the rescue. The Bank is doubtless sincere in denying any deliberate shift towards exchange rate targeting as an abstract concept about the way to conduct monetary policy. Instead, it has responded to what it saw as the concrete reality of a threatened run on sterling.

What we have had, for the past few weeks at least, is a sort of shadow exchange rate targeting imposed on the Bank by the markets. Whether it will continue probably depends on the volatility of international events in the coming months. As long as movements in the exchange rate are gentle, the Bank and Treasury will probably be satisfied to allow sterling to find its own level. But if strong speculative pressures build up again, particularly on the trade-weighted exchange rate, the Banks can be expected to defend the currency again, even at the cost of an otherwise unwarranted rise in interest rates.

### Haven

There is only one major criticism which can be made of such a generally pragmatic policy: if the world economy remains as turbulent as it has been for the past few years, Britain may end up paying a higher price in terms of interest rates, than it would have done, either with a totally hands-off approach to the exchange rate or with a more explicit exchange rate target. The major Continental European countries have much lower short-term interest rates, relative to their rates of inflation, than Britain and they have been considerably more successful in decoupling from the fluctuating dollar. In the stormy world environment which is likely to continue for the foreseeable future, the European Monetary System looks like a safe haven of relatively low interest rates which Britain may be unwise to ignore.

## RACAL

**RACAL ELECTRONICS.** Activities include radio and data communication, marine and energy electronics, defence radar and electronic security. Racal's total sales for the year ending March 31 were £816m, with 70 per cent, £565m, accounted for by export sales outside of the UK. Sales to the Americas and inside the UK each represented 30 per cent of the total. Pre-tax profits for the year were £19.3m, a record for the 29th year in succession. Racal has over 18,000 employees.

## C CHUBB

**CHUBB:** Principal activities, locks and safes, fire and electronic security. Employs over 14,000. Sales for the year ending March 31 were £318m, with pre-tax profits of £13.3m. UK home sales accounted for over 50 per cent of the total, followed by a 15 per cent share for Europe.

growing recognition that the business cycle is peaking and that this is therefore the time to bolt on new acquisitions.

What is the logic of a Racal-Chubb link-up? Though Chubb has moved profitably into electronic systems, much of its business remains in mechanical products such as safes and locks. It therefore seems unlikely in its present form to enhance greatly the glamorous high-technology image which helped make Racal a stock market high-flyer in the 1970s.

However, Chubb has at least two other attractions. In the short term, it seems likely to respond to the management skills which Racal successfully applied to Decacor after taking

it over in 1980. Further ahead,



Sir Ernest Harrison, chairman of Racal, and the scene on the Stock Exchange yesterday as trading in Jaguar shares opened

it over in 1980. Further ahead, Chubb's sizeable UK customer base and brand name offer interesting prospects for diversification.

Chubb's recent performance has hardly been inspiring. Its pre-tax margin on sales of 4.5 per cent last year compared with Racal's 14.6 per cent. Mr David Elsbury, Racal's deputy chief executive, believes Chubb's margin could be raised to around 10 per cent within a year or so of acquisition.

With sales per employee of £22,000 last year (half Racal's level), Chubb appears heavily manned. The balance could be partly redressed by disposals. Hawker-Siddeley is interested

in Chubb's fire service business, while Racal does not seem particularly keen on keeping the labour-intensive security guards operation.

Mr Elsbury believes, however, that Chubb's locks, safes and electronic systems activities can be successfully combined with Racal's own operations to produce a comprehensive security business serving Government and corporate customers as well as ordinary households.

It is particularly interested in the 28 UK sites from which Chubb operates remote security services for several thousand UK customers. This network could provide a ready-made

channel for selling Racal's existing data communications systems and other electronic equipment and is also viewed as a potential customer for the cellular mobile radio service which Racal plans to start operating next year.

Racal is already involved in various aspects of security, including sensors, encryption devices and voice-activated systems, which provided sales of about £128m last year. It believes that these could be combined with Chubb's resources and sold both in the U.S. where it has a large data communications business, and as part of the defence communica-

tions system which it supplies chiefly to developing countries.

Just how well the different elements would mesh together in practice remains to be seen. For instance, while Chubb may provide ready-made sales outlets in the UK (which accounts for less than one-third of Racal's total turnover), it is not yet clear how effectively Racal's U.S. data communications sales force can apply its talents to security systems.

Nonetheless, Racal clearly sees Chubb as consistent with a pattern of diversification which it has pursued for some time in an attempt to develop from its previous role as a proud manufacturer into a more broadly-based supplier of sophisticated electronic systems and services.

Racal's golden reputation in the City has slipped in the past two years. Though profits have continued to rise, the rate of growth has disappointed many investors. The main problems have been a weakening of tactical radio sales (many of its customers are Open members) and difficulties in its U.S. data communications business, which have now been solved.

In its quest for future sources of growth, the company has been investing in a number of new ventures. Some, such as banking terminals, have already been highly successful. Others, including cable television systems, have still to prove themselves.

Racal's biggest gamble of all is its planned investment of some £100m to build a national cellular radio network, due to start operating next year. As part of the marketing build-up for the cellular service, the company has been running a television advertising campaign built around the slogan "The biggest company you've never heard of." Whatever else Chubb may do for Racal, it will at least provide it with a household name.

## WHY THE STAGS MADE ONLY A VERY MODEST KILLING

"

"Some of the bundles were abnormally thick so we had another purge," says Robert Dutton of Jaguar's merchant bank Hill Samuel. He admits that some will have got through but "we are quite pleased with the measures we took to attack the problem."

The second purge took place after the cheques had been cashed, a new move and one which "will have shaken stags houses all round the Kingdom," according to one investor, a lawyer practising in the West End.

Applications for under 1,000 shares went into a ballot, and only the cheques of successful applicants were cashed. Many stags keep their applications to the lower levels for this reason, filling in tens, and sometimes hundreds, of forms at different denominations.

Barclays Bank made pains-taking efforts to weed out multiple applications in the interest of small investors. Nevertheless some did manage to get through. They rooted out around one in ten applications.

Stags rely on the fact that a proportion of their cheques will not be cashed. It is illegal to write out a cheque which is not backed by funds, but

undoubtedly, if all the cheques had been cashed, some stags would find themselves in financial trouble.

Around £2.4m flowed into Barclays Bank chasing Jaguar. BL cashed all cheques for applications above 1,000 shares and earned around £500,000 a night in interest on all of its sales.

Bank managers appear to be quite helpful in arranging temporary overdrafts for the week between applications closing and dealings starting. A reshuffling of funds into the accounts of different members of a family is one popular way of increasing the number of applications.

Some investors take out their building society savings for the week. The Building Societies Association attributed the level of withdrawals last week in part to the Jaguar issue. Most of the funds will be back on deposit early next week.

Applications for under 1,000 shares went into a ballot, and only the cheques of successful applicants were cashed. Many stags keep their applications to the lower levels for this reason, filling in tens, and sometimes hundreds, of forms at different denominations.

Barclays Bank made pains-taking efforts to weed out multiple applications in the interest of small investors. Nevertheless some did manage to get through. They rooted out around one in ten applications.

They then undertook a second review of applications which had been successful in the ballot.

This means that a stag who applied for 50,000 shares (with cheques totalling £22,500) and was allocated 5,000 would only make around £300 by selling yesterday, taking into account both commission fees and the interest he would have foregone by taking his money out of a deposit account.

Alison Hogan

## Letters to the Editor

and whatever comes to hand. I look forward to receiving one of these every time I go to the shops, but I find that only Marks and Spencer provide them as change.

I hope the Treasury retains these coins. I like them and I believe many other people do as well.

Alex M. Taylor.

10, Fugneys Road,  
Wakefield, W. Yorkshire.

Irrelevant at zero inflation

From Mr W. David.

Sir.—With reference to Mr A. Mill's letter August 7, when

purchasing power accounting acknowledge that price stability does not imply constant relative prices. Thus, while CPP accounts are irrelevant at times of zero inflation, current cost accounts certainly are not.

William N. David,  
134, Bradshaw Road, Bradshaw,  
Bolton, Lancs.

Reversing the Lards

From Mr M. Daniels.

Sir.—The article by Jock Owen on August 2 mentions a Government decision that certain amendments to the Royal Ordnance Factories Bill, made by the House of Lords, "must

be reversed."

On what compulsion? If the Lords stand their ground, would the Government seek to enact its plans under the Parliament Act 1949, which has so far never been used? The likely consequence would be action in the courts to determine whether the 1949 measure, never passed by the Lords, has statutory force. The Lords would then know how feasible is Labour's pledge to remove their legislative powers.

There is a case for preserving such powers as a check on Governments representing only a minority of the voters.

M. B. Daniels,  
134, Bradshaw Road, Bradshaw,  
Bolton, Lancs.

Putting up the shutters

From Mr A. Hunter.

Sir.—Prevalent public opinion in Continental Europe that the British Government is anti-European may have received another boost.

It is widely known to those in trade and investment that

already been taxable in the hands of the insurance company, subject to higher rate taxes in the hands of the bond owner. For some investors the loss of the opportunity to make use of annual capital gains tax exemption is a disadvantage. Those who have invested in the bonds with a view to taking the "5 per cent tax-free annual income" should note that the income is not tax free and may have paid tax at the 37.5 per cent rate that insurance companies pay on unfranked income, and they should also bear in mind that they have limited their income in an age of inflation. For example, in the case of an investment of £100,000 in 1974 to give an "income" of £5,000, the investor would now require £17,583 a year to have the same purchasing power.

Those who use bonds for tax saving schemes should arrange a fairly early demise, otherwise the amount the insurance company collects in charges outstrips the duty saving even on an amount as high as £100,000, if it represents a first capital transfer.

G. W. Gardner.

3, Molly Potts Close,  
Knutsford, Cheshire.

Good working relations

bb

ONE of the unsung successes in Britain over the past few years has been the stunning invasion of America by the British pop music industry.

But after nearly two years of unprecedented sales in the world's biggest record and tape market (estimated annual value: \$4bn), the British raiders are themselves under threat.

The sheer magnitude of British music's recent success in America is enough to evoke whistles from the tone-deaf. Last year, British artists captured 35 per cent of the best-selling singles and albums in the U.S.—which compares to around 20 per cent penetration when the Beatles were in their hey-day in the 1960s.

A strong start in 1984 prompted the normally-timid British Phonographic Industry (BPI) to call the invasion, begun in 1982, a "ustainable state of siege." Current ratings from America, however, are starting to show otherwise. Billboard magazine's Top 100 this week shows British artists slipping back to around a quarter of the total.

"The Americans will not allow things to carry on much longer," says Mr Phil Cooper, international marketing manager for Island Records, a growing UK record company. "They are fighting back."

The British record companies point to a resurgence of American patriotism over the Olympics and the forthcoming elections to help explain this trend. But the Americans are not out to regain control of their market simply for the sake of Old Glory. The \$12bn worldwide record and tape business may be a mature, low-growth industry, but the rewards for the best-selling artists are still mammoth.

Take a look at Boy George, the superstar from Virgin Records of the UK. His group's phenomenal success in America helped to stoke sales worldwide, with British sales of Boy George records taking Virgin's share of the UK "singles" market from around 3 per cent in 1980 to 9.3 per cent last year. This put Virgin in the top three, behind EMI and CBS. In the larger album and cassette market, Virgin grew from 3 to 6.5 per cent. On the back of its success, it has been able to launch a transatlantic airline as well as new pop groups.

Groups such as Virgin earn profits from overseas sales largely through royalties from licences. According to the BPI, royalty fees earned by British companies from overseas sales in 1983 climbed to £300m. This record sum is larger than the industry's total sales of singles, albums and tapes in the UK last year.

American record companies now want this money back in their own pockets. While building up their own superstars such as Michael Jackson, U.S.



Frankie is left in the foreground, with members of his group

### Britain's Pop Music Industry

## So can Frankie go to Hollywood?

By Carla Rapoport

record companies are realising that the bright, high-fashion dress and make-up of British groups provide elements of excitement that are almost as important as the music itself.

"Britain re-introduced a sense of showmanship to pop music. America was littered with aging 1970s and tired beach boys, both making the music and playing it on radio stations," said an executive at one of the top U.S. record com-

panies this week, who asked not to be named. He added: "We've got to get that glamour and 'newness' back over here. And we will."

In the meantime, Britain is mustering some new weaponry. The group currently on the launching pad perhaps最早地 embodies the "new music" wave.

If successful, it could just clinch the British hold on its powerful wedge of the U.S. market. If it fails, the British siege will most likely be over.

The group in question is Frankie Goes to Hollywood, which in fact has never been to New York, let alone Hollywood. Frankie's songs, Relax and Two Tribes, have sold 8.5m copies in the last eight months. Relax, a thumping hard record with almost no lyrics, has been on

the British Top 100 charts for 40 weeks. Next week it will become the longest running chart hit since My Way by Frank Sinatra in 1968.

But almost all of Frankie's records have been bought outside the U.S. Relax crept onto the American charts last year at Number 67 and promptly fell off again. So can Frankie Go to Hollywood?

Frankie will crack that market wide open very shortly with a European-based product," says Mr Cooper. In his 30s, Mr Cooper grew up in the record industry but lives and breathes marketing. Not surprisingly, Island's transatlantic moves are being watched closely throughout the industry.

"We've got to do Frankie quickly because it could be too late," says Mr Peter Jamieson, managing director of EMI Records. He uses the word "we" not because Frankie belongs to EMI (it doesn't), but because the group is British.

"We need another Duran, Duran or two," says Mr Jamieson, referring to another big-selling British group. "1983 wasn't a great year in developing names."

Already arranged around

Frankie is the sort of equipment

and promotional back-up that launched other UK big successes, including the Thompson Twins. According to Mr Rupert Merton, their manager, a group does not have to be able to sing particularly well to be a smash success these days. "We went out and gave a good show," says Mr Merton of the Twins' U.S. success.

As this group has demonstrated the key to the new wave of British music in the U.S. hasn't been so much aural as visual. "Thank you, MTV," says Island's Mr Cooper. MTV is the U.S. television channel that plays 24 hours of video tapes of pop songs. Britain has been unquestionably the best at this new art, largely because of the highly developed skills of its advertising industry.

The videos often push the boundaries of allowable television viewing fare, with titillation and violence. But this won a new, younger audience that had not grown up with the 1960s and 1970s generations of rock and roll and Peace and Love.

Keeping with this tradition, Frankie's songs have videos which push so many boundaries they have been banned in some countries. Relax's video has

many versions, but all could be

wages for the keeper, agents' fees, rents for neighbouring moors, insurance, transport, cartridges, tools and so forth.

One estimate puts a capital value of £500 on a brace of grouse. Yet the return at the end of the day seems modest—around 2,000 acres of moor is expected to bring in under £10,000 profit for the year. "You've got to have independent means to stay in this business, a big estate owner said ruefully.

But despite the feeling of alarm about the future of grouse, some Scottish landowners, particularly in the Borders, expect a respectable season. Estate agents and sports agencies have also been fairly optimistic.

One optimist is Lord Robert Biddulph. "The grouse is a rattling good all-rounder," he says, in the cluttered drawing room at his Miskerton estate.

"They live in beautiful surroundings, they're difficult to hit,

they look good, they are excellent foreign currency earners.

And they taste very good too."

Vernon like foxes and hooded crows must be controlled and heather burned regularly to encourage the new shoots which the birds eat—all of which take time and labour. There is a whole array of costs: rates,

mise—he's there to shoot surplus stock out of the sky, say the landowners who count on hunters to pay possibly £500 for a brace.

This is hardly sport for all. Only the very wealthy—most of them Americans—can afford the commodities of industry on big expense account outings can afford a week or so of driven grouse. But they are finding there are fewer birds to shoot at and many have lost interest. Some go to Spain to blast away at partridge instead. One Texan, based on a shoot in Pethshire, invented an excuse that his boots were too tight and took his wife on a shopping spree instead.

"We've given up on grouse. There weren't enough to shoot at," said a manager from Cifbank with important clients to please.

This is serious news because grouse shooting is a major source of income accounting for a large chunk of the £145m coming to Scotland this year from the fishing and hunting set. (This figure includes what they will spend on fees, hotels,

the south-west of Scotland—the Dumfries and Galloway region—about 125 birds were shot in one square kilometre in 1980, a very good year. The figure is under 10 today.

This week the Game Conservancy, a charity to encourage the sport, announced a study of the problems in Scotland. Sheikh Hamdan al Maktoum of the United Arab Emirates, who has a moor in Scotland, chipped in with an initial £100,000 and landowners are being pressed for a further £150,000 to cover the research costs.

Owners all agree on the need for good moor management, with all its related costs, but without which an unhappy spiral downwards sets in. The lesson seems to be that either you go into grouse in a big way or not at all—many find themselves caught trying to cut corners.

Vernon like foxes and hooded crows must be controlled and heather burned regularly to encourage the new shoots which the birds eat—all of which take time and labour. There is a whole array of costs: rates,

castle. Probably in 1986, a bankers' training centre is to be opened there for domestic and foreign—particularly third-world—talent. While this unit will be taken over by a special institution, it seems that the "Kreuz" and the "Bären" pubs will remain in the direct ownership of the National Bank.

There should be no liquidity problem.



food and shopping.)

According to scientific estimates there are now as many grouse on the 100 or so moors in Yorkshire and Northumberland as there are in the 300 moors north of the Border. In

certain specialised tastes then duty-free shopping can be a disappointment. Although 97 per cent of outlets offer Nina Ricci's L'Air du Temps, only 25 per cent can provide Hermès "Hermes"; nearly 99 per cent will offer you Marlboro cigarettes but less than a fifth will provide Gitane Internationale or Lark; the most frequently preferred drink is 12-year-old Chivas Regal, with Gilbey's London Dry, Harvey's Bristol Dry and Irish Mist available in only four outlets.

It is reckoned that tax-free shopping worldwide is worth around \$5bn, a figure which makes airport managers happy and finance ministers wince. A lot goes to diplomats and military personnel, but nearly two-thirds is sold at airports, on aircraft or aboard ships.

The 500 top duty-free outlets alone account for \$2.45bn. It is the one field in which Britain takes the gold. UK duty-free shopping is worth \$403m, easily beating the U.S. into No 2 spot since that country sells only around \$260.2m.

This helps to explain the smile currently on the face of the ebullient commercial development director of the British Airports Authority, Mr Alan Blacher. He is the man who has changed Heathrow and Gatwick into U.S.-style shopping malls, knocking old-style catering at the same time. He has helped push the commercial activities profits up 23.1 per cent on last year to over £77m. Coming below Amsterdam and Paine on the listings is of secondary interest to Blacher, for whom the amount being bought at present prices is the real measure of success.

Blacher reckons the task was to get away from the concept of

what emerges clearly from the listing is that if you have

described as menacing in nature. The video, for Two Tribes features a most ungentlemanly fist-fight between actors playing President Reagan and Mr Chernenko, the Soviet leader.

Island intends to tailor the product to the U.S. market and will launch a promotional tour with the group's first album this autumn.

The campaign will be the quintessence of British expertise in pop promotion, and will concentrate on three main elements:

• Getting a high level of exposure through the media, which is relatively easy for a British group.

• Remixing the product, which in other businesses would be called line extension. It involves producing new versions of the same song to extend its commercial life. The song is "remixed" in the studio without the musicians.

Two Tribes, for example, came out in the UK with a so-called "Annihilation remix" and then a "Carnage remix." Both have done well. Island has just released a "Habakusha" remix, commemorating the survivors of Hiroshima.

• Merchandising. This involves the exploitation of the name and faces of the groups to sell products totally unrelated to music. Groups on tour in America expect to sell \$5 a head worth of T-Shirts and souvenirs to concert audiences. A concert of 10,000 people grosses \$2.5m in merchandise, of which the band gets 25 per cent for doing nothing.

The merchandising sub-licenses for Frankie has already sold 250,000 Relax and Frankie T-Shirts in the UK and the group has yet to give a concert.

They would play for 45 minutes and be out of songs. We aren't ready for concerts," says Mr Cooper.

He points to a large poster in Island's head office in Hammersmith: "If you don't promote, a terrible thing happens. Nothing," says Mr Cooper. He is confident that "Frankie will be a big success in America."

However, the quality of American pop promotion is improving constantly. Michael Jackson's video of Thriller was directed by John Landis, the film director, and cost £1m (£100k for the 24 most popular videos in the UK are made for £40,000). The Thriller video was so popular that a follow-up Making of Thriller was released showing how it was made. That too is now a best seller.

Still, the Americans admit that throwing money at the market will not work alone.

"We listen to groups off the street everyday," says EMI's Mr Jamieson. "It's one of the few industries where your ideas can be realised instantly. What we live on are the ideas."

### Test Tube Plants

## Thanks to France, palmy days may be here again

By David Marsh in Paris

YOU ARE as stately as a palm tree; your breasts are the clusters of dates," wrote with lyrical rapture the Old Testament poet in the Song of Songs.

To the distress of Western dried fruit fanciers and Arab oasis dwellers alike, the date palms of North Africa and the Middle East since Biblical times have lost their bloom. The oases of Maghreb countries, in particular, are threatened by a deadly fungal disease which has destroyed two-thirds of Morocco's date palms (down from 15m in 1900) in a bid to find resistant varieties.

With fungicides and chemicals impractical or useless, he says that painstaking genetic tracking is the only means of combating the fungus, which attacks roots from deep in the soil and, he believes, potentially menaces all the world's 95m date palms.



"I carried out systematic prospecting, village by village. The people invited me into their gardens."

To aid planting of resistant varieties, speeding up the slow natural reproduction through palm offshoots, M Toussaint, an international expert on desert agriculture at France's National Agronomical Research Institute (INRA), spent seven years during the 1980s drawing up a genetic inventory of Morocco's 3m date palms (down from 15m in 1900) in a bid to find resistant varieties.

The techniques interest not only Morocco, Algeria and Tunisia, most immediately affected by the killer Bayoud mushroom which has spread out dramatically, mainly following trade and caravan routes, after first making its presence felt in Saharan Morocco at the end of the last century.

Other countries ranging from Saudi Arabia, Egypt and Iraq to Somalia to Venezuela and South Africa are also keen to rejuvenate palm plantations with disease-free varieties promising longer lives shadier fronds and juicier dates.

The date palm is not only an important source of food, shelter and materials for desert populations but can also influence the national economy. Morocco now has to import dates after being

a prime supplier to Western markets 100 years ago.

M Georges Toussaint, an international expert on desert agriculture at France's National Agronomical Research Institute (INRA), spent seven years during the 1980s drawing up a genetic inventory of Morocco's 3m date palms (down from 15m in 1900) in a bid to find resistant varieties.

Although he is still vexed by high infant palm mortality, having about 15,000 plants have already left Angers, via greenhouses in the south of France, for Moroccan oases, M Beauchene, who professes only a moderate appetite for dates but enjoys eating meat, will be Morocco-bound himself at the end of the year to take up a retirement post as head of the country's own test tube breeding centre at Marrakesh.

Total, although it has not yet decided definitely to go ahead with the date palm venture, is attracted by the idea of building technological links with oil-producing countries.

It is not the only one. Executives from Twyford Plant Laboratories, a company based near Glastonbury in Somerset and backed by U.S. and UK venture capital, which claims to be the world's largest commercial test tube plant group, have been wooing the French in recent months about setting up a joint Franco-British venture.

The company, which employs about 100 people, already has strong contacts in date palm breeding with most Arab countries. M Beauchene believes a British tie-up would open up commercial vistas ranging from tropical medicinal plants to the Mexican-origin jojoba, a species already produced in the Angers laboratories which produces an oil useful in lubricants, foodstuffs and cosmetics.

But the French Government is giving clear signals that it would frown on a dual oasis re-planting effort in a part of the world where Britain and France were once colonial rivals. "Total looks like a stumbling block to further development," says Mr John Spurr, head of Twyford Plant Laboratories palm group, who has led his company's contacts with the French. "It's a shame."

M Beauchene agrees. "Together," he says, "we would be unbeatable."

### BUILDING SOCIETY RATES

|                      | Share | Sub an | Others   |
|----------------------|-------|--------|--|
|                      | %     | %      | %  |
| Abbey National ..... | 7.75  | 8.75   | 8.75 Seven-day account                                   |
|                      |       |        | 9.25 Higher interest acc. 90 days' notice or charge      |
|                      |       |        | 6.50-8.75 Cheque-Save                                    |
| Aid to Thrift .....  | 9.15  | —      | Easy withdrawal, no penalty                              |
| Alliance .....       | 7.75  | 8.75   | 8.75 Monthly income. 1 month's notice. £8.00 £2,500+     |
|                      |       |        | 9.00 28 d. not. im. w/w. 42 d. pen. if hal. und. £10,000 |
|                      |       |        | 8.75 7 days' notice. No                                  |

## UK COMPANY NEWS

## G. M. Firth doubled to £571,000

GROWTH HAS continued at G. M. Firth (Holdings) and for the full year ended March 31 1984 the profit before tax has jumped from £129,000 to £571,000. Turnover almost trebled to £20.67m.

Earnings are shown at 1.72p (1.63p) and the final dividend is 1.8p for a net total of 0.33p (adjusted 0.3p), costing £109,000 (£93,000).

All companies continue to expand and trade profitably, although the miners' strike is affecting the performance of the steel stockholding subsidiary. Since the year end Firth has sold the Northampton Machinery Company and increased its stake in Porter Chadburn to over 32 per cent.

As well as steel stockholding, the group is engaged in property development on the south coast, share dealings and commissions, furnishing and flooring, transport, engineering, and plastics distribution. Porter Chadburn makes brewers' and marine engineering equipment.

Although Northampton Machinery was trading successfully the nature of its activities did not match those which Firth wishes to concentrate on—those areas of industry and commerce

## DIVIDENDS ANNOUNCED

|                       | Current payment | Date payment | Corre. Total | Total |
|-----------------------|-----------------|--------------|--------------|-------|
|                       |                 |              | spending for | last  |
|                       |                 |              | div. year    | year  |
| Alliance Trust        | Int. 5          | Oct 19       | 4            | —     |
| Conder Group          | Int. 0.73       | Oct 13       | Nil          | 13.5  |
| William Clegg & Sons  | 1.5             | Oct 16       | 1.3          | 2.5   |
| Davies & Metcalfe     | Int. 0.63       | Oct 6        | 0.63         | 2.21  |
| Drayton Japan         | Int. 0.5        | Sept 1       | 1            | 3     |
| G. M. Firth           | Int. 0.16       | Oct 5        | 0.16*        | 0.33  |
| Inv Trust of Guernsey | Sint. 2.23      | Nov 1        | 2.1          | 6     |
| F. & W. MacLellan     | Int. 0.6        | Nov 16       | 0.5          | 1.6   |
| Mid Wynd Int'l        | 1.1             | —            | 1            | 1.8   |
| Gwen & Robinson       | Nil             | —            | 10           | 10    |
| W. S. Yeates          | Sint. 5         | Sept 3       | 5            | 12.15 |

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. + On capital increased by rights and/or acquisition issues. t USM stock. f Unquoted stock. f Gross throughout.

with a bias towards the service sector.

Firth recognises that Porter Chadburn has a poor trading record of recent years but believes it is operating in a large and growing market. The market price of Firth's investment exceeds £2m and it anticipates a substantial return within the next two years. "But it is unlikely that much of this return

will materialise in the current year."

Group profit this year allows for associates losses of £40,000 but thanks to property and asset disposals, borrowings are still only £1.5m—27 per cent of shareholders' funds—which leaves plenty of scope to gear up for more acquisitions. With the shares unchanged at 17p, the formerly sky high historic multiple comes down to just 9.8.

Although the U.S. and UK stock markets declined by 8 per cent and 5 per cent respectively in the six months under review, the directors say, the fall in net asset value was less than 3 per cent.

For the first half came to £360,000, a "not unexpected" reduction of some £187,000 on the second half of the previous year. The main reason was the heavy costs of establishing the new structures and projects division of the buildings business, and of computerising the two main drawing offices where virtually all drawings are now being produced electronically.

Turnover in the half year expanded to £54m, against £51.4m in the same period of 1983. The profit of £360,000 compares with a loss of £5.2m last time, and included related companies of £58,000. Tax takes £52,000 (nil) and there is a loss on foreign exchange conversions £9,000 (redundancy costs £150,000).

Profit for the first half came to £378.5m—unchanged from the end of 1983.

Earnings per share are shown as being 0.26p against previous losses of 0.25p. The net interim dividend has been cut from 0.3p to 0.25p. The directors say that it is likely that a final dividend of 0.3p will be paid in due course, the exact amount of dividends being dependent on the level of liquidity maintained for the rest of the year.

At the end of the last full year the directors said that 1983 was the last year in which dividends would be artificially maintained by payments out of reserves. Dividends for the current year would be approximate to earnings per share and shareholders should be prepared for a further sharp decline, although capital growth in Japan was expected to offset the revenue loss.

In the last full year a total of £6 was paid from net revenue before tax of £882,000 (£2.85m). Tax came to £79,000 (£121,000).

At the end of July, the com-

pany issued a statement to say that discussions were in progress with a third party, which might lead to an offer being made for the IBS share capital.

These talks were continuing and must be resolved in the near future, members were told. The board had retained the services of Hambros Bank as the company's financial advisers.

Mr Griffiths reported that the company was continuing to progress negotiations with several potential customers for the immediate billing system and the data capture system.

The company had received from Potomac Electric Power

Earnings come to 3.7p per share (loss 6.3p) and the directors are meeting their promise of a modest interim dividend by declaring 0.75p. The last payment was an interim of 1.5p in October 1982.

Further progress has been made in finalising the work in Iraq, and in spite of the adverse conditions no further provisions have been necessary. It was losses and provisions totalling nearly £6m there that pushed the group into the heavy deficit in the first half of 1983.

Under takeover rules, Hawker's bid could be extended until September 3 but it said that it "perceives that the offer has not sufficiently commanded itself to the Fenner ordinary shareholders to warrant any extension of the offer beyond August 16."

The offer had been accepted by shareholders representing 8.46 per cent of ordinary shares by Thursday's second closing date. Hawker already holds 15.41 per cent of Fenner.

An expansion from £21.000 to £176,000 in pre-tax profits for the half year ended June 30 1984 is reported by P. & W. MacLellan, the main business of which is the supply of fasteners, PVC, hardware and tools to the engineering industry, particularly in Scotland. Turnover rose by £90,000 to £42.2m.

The interim dividend is lifted to 0.5p net (0.5p) and with current trading being satisfactory, the directors intend to at least maintain the final at 1.1p.

Results do not include any figures from Advance Business Technology, which was acquired at the end of the half year. Since then MacLellan has announced it is acquiring for £1.2m the capital of Johnsons Investment Company, a Renfrewshire-based property investment company.

Turnover in the half year ended June 30 1984 was £35.7m (nil), less central costs £3.8m (nil). There is no tax charge—earnings are shown at 2.1p (0.29p).

Company (PEP) approval of the system specification had been in progress for some time, as well as authorisation to proceed with the implementation and delivery of the initial phase of the system.

This system was particularly prestigious, since PEP covered the Washington DC area, the chairman pointed out.

The Monopolies and Mergers Commission announced in April that it was to carry out an inquiry into the efficiency of four UK electricity boards in the areas of meter reading, bill delivery, revenue collection and general consumer services.

After a reduced tax charge of 113.000, against £167,000, net profits were £98,000 higher at £484,000. The directors anticipate that provision for deferred tax may be required following the implementation of the Finance Bill and this will be dealt with in the 1983-84 accounts.

Earnings per 100 share rose by 3.8p to 21p and the next interim dividend is maintained at 5p, netting £41,063 (same), after waivers of £74,726 (same). The company's shares are traded on the over-the-counter market made by Granville & Co.

For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,000 net—related to exclude trade discounts and Car Tax—pre-tax profits for the first six months to April 30 1984 climbed from £582,000 to £607,000. The increased margin was a result of a strong performance from the group's non-motor activities.

Mr Charles Yeates, chairman, says that although conditions will remain unfavourable for the second six months, he expects a satisfactory result for the full

year. For the previous 12 months, taxable profits were £167,00



# WORLD STOCK MARKETS

**NEW YORK**

| Stock                | Aug. 9 | Aug. 8 | Stock             | Aug. 9 | Aug. 8 | Stock              | Aug. 9 | Aug. 8 | Stock             | Aug. 9 | Aug. 8 |
|----------------------|--------|--------|-------------------|--------|--------|--------------------|--------|--------|-------------------|--------|--------|
| AHCO                 | 137    | 137    | Glorox            | 36     | 34     | Gt. Atl. Pac. Tel. | 16     | 16     | Mohasco           | 19     | 18     |
| AMC                  | 164    | 164    | Ciast Corp.       | 27     | 25     | Monarch M.T.       | 164    | 17     | Schlumberger      | 46     | 46     |
| AMR Corp.            | 454    | 454    | Colgate Palm.     | 224    | 219    | Monexcorp          | 204    | 204    | Scientific Atlan. | 92     | 92     |
| ARA                  | 460    | 460    | Collins Alkman    | 347    | 347    | Morgan Crme K      | 92     | 88     | Seacor Paper      | 28     | 40     |
| ASA                  | 541    | 521    | Dolt Inds.        | 481    | 484    | Morgan J.P.        | 69     | 68     | Sea Containers    | 31     | 32     |
| AVX Corp.            | 23     | 22     | Gulf & Western    | 301    | 304    | Morrison Knud.     | 281    | 281    | Seagram           | 365    | 355    |
| Abbot Labs           | 471    | 453    | Gulf States Utd.  | 17     | 10     | Morton Thielk.     | 163    | 163    | Sealed Power      | 251    | 254    |
| Adobe Oil & Gas      | 173    | 181    | Hall PBG          | 211    | 206    | Murphy             | 191    | 182    | Sequoia Pac.      | 45     | 45     |
| Advanced Micro.      | 372    | 342    | Hammill Por.      | 45     | 45     | Murphy Oil         | 293    | 281    | Sedco             | 31     | 29     |
| Astra Life & Gas     | 33     | 32     | Hanna Mining      | 18     | 18     | Nabisco Brads.     | 473    | 454    | Secto             | 581    | 571    |
| Ashman H.F.          | 211    | 203    | Harcourt Bracs.   | 30     | 30     | Nat. Chem.         | 567    | 549    | Sequoia Trans.    | 51     | 51     |
| Air Prod & Chem      | 451    | 443    | Harris Banc.      | 203    | 203    | Nat. Gypsum        | 331    | 328    | Shawin Wins.      | 281    | 281    |
| Air Puerto Cuv.      | 17     | 17     | Hausman           | 21     | 21     | Nat. Med. Inst.    | 254    | 223    | Sigmas Aldrich    | 434    | 434    |
| Alcan Aluminum       | 252    | 271    | Hedco Mining      | 161    | 159    | Nat. Res. Dev.     | 211    | 211    | Signal            | 31     | 30     |
| Alcoa Standard.      | 301    | 303    | Henzl (H.A.)      | 5      | 5      | NBD Bancorp.       | 434    | 44     |                   |        |        |
| Alexander & Al.      | 183    | 181    | Consumer Power    | 5      | 5      | Nobis              | 274    | 273    |                   |        |        |
| Alegheny & Al.       | 211    | 211    | Hercules          | 342    | 342    | NONB               | 274    | 273    |                   |        |        |
| Allied Power         | 21     | 20     | Hershey           | 343    | 343    | NY Times           | 391    | 384    |                   |        |        |
| Allied Sanchrs.      | 51     | 50     | Hewlett Pack.     | 214    | 214    | New Eng. El.       | 313    | 313    |                   |        |        |
| Allied Stores.       | 34     | 32     | Hewlett Pack.     | 214    | 214    | N.Y. State & G.O.  | 171    | 172    |                   |        |        |
| Allied Teleph.       | 47     | 47     | Holiday Inns      | 441    | 431    | North Am. Ind.     | 151    | 151    |                   |        |        |
| Alpha Portland.      | 246    | 246    | Cooper Inds.      | 291    | 289    | North Am. Min.     | 151    | 151    |                   |        |        |
| Alcos                | 371    | 355    | Cors Adol.        | 13     | 13     | North Am. Steel    | 46     | 46     |                   |        |        |
| Amox                 | 195    | 182    | Cors Food.        | 271    | 274    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Amidha Corp.         | 182    | 182    | Corspor           | 271    | 274    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Amplifi. Associates. | 10     | 10     | Coupons Glass     | 72     | 72     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Broadcasts.      | 651    | 651    | Croon & Black     | 27     | 27     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Can.             | 691    | 681    | Cross Coms.       | 501    | 484    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Elect. Powr.     | 18     | 17     | Crown Cork        | 561    | 561    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Express.         | 32     | 32     | Crown Inds.       | 291    | 291    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Gen. Insancs.    | 21     | 21     | Croker Nat.       | 221    | 221    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Holst & DK.      | 101    | 97     | Crown Cork        | 291    | 291    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Home Prod.       | 611    | 504    | Cumming Eng.      | 75     | 75     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Int'l Grp.       | 611    | 62     | Cunes Wright      | 531    | 531    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Med. Int'l.      | 265    | 265    | Damon.            | 243    | 243    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Motors           | 511    | 443    | Danone            | 243    | 243    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Nat. Resoucs.    | 351    | 351    | Dapsink           | 142    | 142    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Quasar Pat.      | 249    | 249    | Delta Hudson      | 261    | 261    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Standard.        | 29     | 28     | Delta Air         | 33     | 33     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am. Stores.          | 34     | 34     | Delta Air         | 33     | 33     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Am T & T.            | 191    | 181    | Denby's           | 387    | 387    | North Am. Trans.   | 27     | 27     |                   |        |        |
| AmTech.              | 701    | 691    | Dentell Edison    | 134    | 132    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Amtek Inc.           | 223    | 223    | Diamond Shamrock  | 29     | 29     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Amfac.               | 223    | 223    | Digital Equip.    | 944    | 897    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Armed Indus.         | 27     | 27     | Dinner's          | 557    | 557    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Anchor Rock.         | 651    | 651    | Dominion Lurkg.   | 261    | 261    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Anheuser-Bh.         | 651    | 651    | Dowmey (R.R.)     | 44     | 44     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Archer Daniels.      | 171    | 171    | Dover Corp.       | 376    | 373    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Arizona Pub. Ser.    | 171    | 171    | Dow Chark.        | 124    | 124    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Armco.               | 122    | 122    | Dow Chark.        | 124    | 124    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Armstrong Wid.       | 271    | 271    | Dresser           | 191    | 181    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Asgard.              | 221    | 211    | Dudson R.         | 261    | 261    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Asialand Oil.        | 224    | 224    | Eagle & Brazdwell | 241    | 241    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Asocios Good.        | 224    | 224    | Jewel Cos.        | 486    | 486    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Atmosferic R.        | 454    | 441    | Dupont            | 34     | 34     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Auto. Data Pro.      | 373    | 373    | E-G & Co.         | 26     | 26     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Avco.                | 311    | 304    | E-Systechs.       | 26     | 26     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Avrey Int'l.         | 304    | 304    | Fairchild         | 374    | 374    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Avsat.               | 374    | 374    | Fasone            | 134    | 134    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Aven Prod.           | 247    | 25     | Eastern Airlines  | 134    | 134    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Baldwin Utd.         | 111    | 111    | Eastern Gas & F.  | 436    | 436    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Bally.               | 214    | 214    | Eastern Kodak     | 51     | 51     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Balt. Gas & Ele.     | 251    | 251    | Eaton Corp.       | 55     | 55     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Bank Bostons         | 291    | 281    | Echekard Jack.    | 254    | 254    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Bankers Tst N.Y.     | 281    | 281    | Elect. Memories.  | 728    | 716    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Barnes & Fl.         | 201    | 201    | Emery Elecgt.     | 161    | 161    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Bart Wright.         | 22     | 21     | Emery Air Fgt.    | 161    | 161    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Beach & Lomb.        | 221    | 211    | Emhart            | 314    | 314    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Baxter Trav.         | 171    | 171    | Engelhard Corp.   | 241    | 241    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Bectec Dickson       | 281    | 281    | Energy            | 19     | 19     | North Am. Trans.   | 27     | 27     |                   |        |        |
| Bell Inter.          | 351    | 351    | Entergy           | 261    | 261    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Bell Atlantic.       | 73     | 73     | Einhilf Mfg.      | 251    | 251    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Bell & Howell.       | 28     | 28     | Einhilf Mfg.      | 251    | 251    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Bell Industries.     | 261    | 261    | Entel Corp.       | 241    | 241    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Beneficial.          | 291    | 291    | Entel Corp.       | 241    | 241    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Beth. Steel.         | 191    | 181    | Farmer's GP.      | 423    | 418    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Big Three Inds.      | 22     | 22     | Federal Elecgt.   | 311    | 311    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Black & Decker.      | 201    | 201    | Federal Elecgt.   | 424    | 424    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Black Hts.           | 43     | 43     | Federal Mogul.    | 354    | 354    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Boeing.              | 514    | 504    | Federal Nat. Mot. | 281    | 281    | North Am. Trans.   | 27     | 27     |                   |        |        |
| Boise Cascade.       | 371    | 371    | Ford Hwd. Paper.  | 597    | 597    | North Am. Trans.   | 27     | 27     |                   |        |        |
| B                    |        |        |                   |        |        |                    |        |        |                   |        |        |

Financial Times Saturday August 11 1984

## CURRENCIES; MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

## Pound steady

Sterling and the dollar closed little changed on the foreign exchanges yesterday. The pound opened very firm about 1 cent higher against a weaker dollar, but was lower against continental currencies as London clearing banks cut another 1 per cent from base lending rates. Sterling was under no pressure, however, and as it drifted down from a high of \$1.3295 touched in the morning, it began to pick up against other major currencies. This kept the trade-weighted index steady at 78.6 at the opening and noon, although it eased 0.1 to 78.5 at the close. The pound finished 15 points higher against the dollar at \$1.3130, and closed slightly firmer against most other currencies at DM 3.81 from DM 3.8075 against the D-mark.

5 in New York (latest)

A rise of 0.3 per cent in U.S. July producer prices was modest enough, but after three unchanged months this rekindled some of the fears about inflation and higher interest rates, and pushed the dollar up

Aug. 10 Prev. close

Spot: \$1.3100-1110 81.3005-3215

1 month: 0.07-0.11 dia 0.38-0.39 dia

2 months: 0.00-0.15 dia 0.35-0.36 dia

Forward premiums and discounts apply to the U.S. dollar.

OTHER CURRENCIES

|                           | Aug. 10       | Aug. 9        | Note Rates |
|---------------------------|---------------|---------------|------------|
| Argentina Peso            | 88.45-88.60   | 88.97-88.98   |            |
| Australia Dollar          | 1.8540-1.8580 | 1.8500-1.8580 |            |
| Bahrain Dinar             | 1.4745-1.4880 | 1.4775-1.4795 |            |
| Greek Drachma             | 10.50-10.51   | 10.48-10.50   |            |
| Hong Kong Dollar          | 10.34-10.38   | 7.6240-7.6290 |            |
| Iceland Krona             | 1.0405-1.0405 | 1.0398-1.0398 |            |
| Luxembourg Fr.            | 76.80-76.90   | 75.58-76.58   |            |
| Netherlands               | 1.51-1.52     | 1.50-1.51     |            |
| Norway Krone              | 10.88-10.89   | 10.88-10.89   |            |
| Malaysia Dollar           | 1.0820-1.0825 | 1.0820-1.0825 |            |
| Singapore Dollar          | 2.1600-2.1620 | 2.1465-2.1480 |            |
| Switzerland United States | 1.51-1.55     | 1.50-1.52     |            |
| U.A.E. Dirham             | 4.9175-4.9220 | 4.9240-4.9250 |            |

\* Selling rate.

## EXCHANGE CROSS RATES

|                             | Aug. 10     | Pound Sterling: U.S. Dollar Deutsche m/k Japanese Yen French Franc Swiss Franc Dutch Guild Italian Lira Canadian Dollar Belgian Franc |
|-----------------------------|-------------|---|
| Pound Sterling: U.S. Dollar | 1.316-1.317 | 5.81 2,426 518.5 5.205 4,288 2,827 1,715 76.85 58.54  |
| Deutschmark: 1.3165         | 0.845       | 8.25 2,426 518.5 5.205 4,288 2,827 1,715 76.85 58.54  |
| Japanese Yen: 1,000         | 4,188       | 1.1 83.80 3,068 0.841 610.6 0.450 20.17   |
| French Franc 10             | 0.856       | 1.184 3,262 272.7 0.571 1,992 0.469 55.80   |
| Swiss Franc                 | 0.410       | 1.184 3,262 272.7 0.571 1,992 0.469 55.80   |
| Dutch Guilder               | 0.833       | 0.838 2,784 72.88 0.748 542.6 0.600 17.98   |
| Italian Lira 1,000          | 0.430       | 0.838 2,784 72.88 0.748 542.6 0.600 17.98   |
| Canadian Dollar             | 0.863       | 0.765 2,251 80.21 0.809 8.499 1,256 1.1 44.80   |
| Belgian Franc 100           | 1.301       | 1.709 4,258 414.4 0.809 8.499 1,256 1.1 44.80   |

Asian S (closing rates in Singapore) : Short-term 111-112 per cent; seven days 111-112 per cent; one month 111-112 per cent; three months 113-114 per cent; four years 137-138 per cent; five years 111-112 per cent nominal closing rates. Short-term rates are cal for U.S. dollars and Japanese yen; others two days' notice.

After touching a low of \$1.1682 from FF 11.6775 on Aug. 9, the dollar closed at 11.6775 compared with FF 11.6782 on Aug. 8.

Bank of England figures on the dollar's trade-weighted index eased to 137.3 from 137.5 on Aug. 8.

THE POUND SPOT AND FORWARD

|          | Aug. 10       | Day's spread  | Closes        | One month                 | % p.m.                     | Three months              | % p.m.                     |
|----------|---------------|---------------|---------------|---------------------------|----------------------------|---------------------------|----------------------------|
| U.S.     | 1.3095-1.3225 | 1.3125-1.3135 | 0.08-0.10 dia | 0.73 0.40-0.45 dia 1.29   | -0.73 0.40-0.45 dia 1.29   | 0.73 0.40-0.45 dia 1.29   | -0.73 0.40-0.45 dia 1.29   |
| Canada   | 1.7135-1.728  | 1.7160-1.7180 | 0.17-0.28 dia | 1.57 0.70-0.83 dia 1.79   | -1.57 0.70-0.83 dia 1.79   | 1.57 0.70-0.83 dia 1.79   | -1.57 0.70-0.83 dia 1.79   |
| Nethlnd. | 4.261-4.29    | 4.264-4.29    | 1.5-1.6 pm    | 4.72 4.25-4.35 dia 3.81   | -4.72 4.25-4.35 dia 3.81   | 4.72 4.25-4.35 dia 3.81   | -4.72 4.25-4.35 dia 3.81   |
| Belgium  | 78.45-77.00   | 78.30-78.30   | 1.6-1.8 pm    | 0.93 0.19 dia 0.73        | -0.93 0.19 dia 0.73        | 0.93 0.19 dia 0.73        | -0.93 0.19 dia 0.73        |
| Denmark  | 13.20-13.25   | 13.20-13.25   | 0.1-0.2 pm    | 0.13 1.00-1.22 dia 0.45   | -0.13 1.00-1.22 dia 0.45   | 0.13 1.00-1.22 dia 0.45   | -0.13 1.00-1.22 dia 0.45   |
| W. Ger.  | 3.78-3.81     | 3.80-3.81     | 1.5-1.6 pm    | 5.51 4.1-4.1 dia 0.65     | -5.51 4.1-4.1 dia 0.65     | 5.51 4.1-4.1 dia 0.65     | -5.51 4.1-4.1 dia 0.65     |
| Portugal | 215.00-216.00 | 215.30-215.50 | 5.0-6.0 dia   | 24.57 2.20-2.50 dia 18.07 | -24.57 2.20-2.50 dia 18.07 | 24.57 2.20-2.50 dia 18.07 | -24.57 2.20-2.50 dia 18.07 |
| Spain    | 2,320-2,339   | 2,324-2,339   | 5.0-6.0 dia   | 3.82 2.10-2.20 dia 4.35   | -3.82 2.10-2.20 dia 4.35   | 3.82 2.10-2.20 dia 4.35   | -3.82 2.10-2.20 dia 4.35   |
| Italy    | 7.62-7.65     | 7.62-7.65     | 1.5-1.6 pm    | 1.71-1.75 dia 2.11        | -1.71-1.75 dia 2.11        | 1.71-1.75 dia 2.11        | -1.71-1.75 dia 2.11        |
| Norway   | 10.52-11.85   | 11.67-11.00   | 1.6-1.8 pm    | 1.62-2.20 dia 2.85        | -1.62-2.20 dia 2.85        | 1.62-2.20 dia 2.85        | -1.62-2.20 dia 2.85        |
| Sweden   | 10.58-11.03   | 10.89-11.00   | 1.6-1.8 pm    | 4.90 3.45-3.45 dia 4.21   | -4.90 3.45-3.45 dia 4.21   | 4.90 3.45-3.45 dia 4.21   | -4.90 3.45-3.45 dia 4.21   |
| Japan    | 317-319       | 316-319       | 1.5-1.6 pm    | 4.15 2.20-2.20 dia 4.21   | -4.15 2.20-2.20 dia 4.21   | 4.15 2.20-2.20 dia 4.21   | -4.15 2.20-2.20 dia 4.21   |
| Austria  | 26.62-26.75   | 26.62-26.75   | 1.5-1.6 pm    | 4.15 2.20-2.20 dia 4.21   | -4.15 2.20-2.20 dia 4.21   | 4.15 2.20-2.20 dia 4.21   | -4.15 2.20-2.20 dia 4.21   |
| Switz.   | 3.18-3.21     | 3.20-3.21     | 1.5-1.6 pm    | 6.32 4.1-4.1 dia 0.69     | -6.32 4.1-4.1 dia 0.69     | 6.32 4.1-4.1 dia 0.69     | -6.32 4.1-4.1 dia 0.69     |

Belgian rate is for convertible francs. Six-month forward rate 1.05-1.10c. 12-month 2.05-2.20c.

Aug. 10 Prev. close

Spot: \$1.3100-1110 81.3005-3215

1 month: 0.07-0.11 dia 0.38-0.39 dia

2 months: 0.08-0.13 dia 0.38-0.39 dia

3 months: 0.09-0.15 dia 0.38-0.39 dia

Forward premiums and discounts apply to the U.S. dollar.

## THE DOLLAR SPOT AND FORWARD

|          | Aug. 10       | Day's spread  | Closes        | One month                 | % p.m.                     | Three months              | % p.m.                     |
|----------|---------------|---------------|---------------|---------------------------|----------------------------|---------------------------|----------------------------|
| U.S.     | 1.3095-1.3225 | 1.3125-1.3135 | 0.08-0.10 dia | 0.73 0.40-0.45 dia 1.29   | -0.73 0.40-0.45 dia 1.29   | 0.73 0.40-0.45 dia 1.29   | -0.73 0.40-0.45 dia 1.29   |
| Canada   | 1.7135-1.728  | 1.7160-1.7180 | 0.17-0.28 dia | 1.57 0.70-0.83 dia 1.79   | -1.57 0.70-0.83 dia 1.79   | 1.57 0.70-0.83 dia 1.79   | -1.57 0.70-0.83 dia 1.79   |
| Nethlnd. | 4.261-4.29    | 4.264-4.29    | 1.5-1.6 pm    | 4.72 4.25-4.35 dia 3.81   | -4.72 4.25-4.35 dia 3.81   | 4.72 4.25-4.35 dia 3.81   | -4.72 4.25-4.35 dia 3.81   |
| Belgium  | 78.45-77.00   | 78.30-78.30   | 1.6-1.8 pm    | 0.93 0.19 dia 0.73        | -0.93 0.19 dia 0.73        | 0.93 0.19 dia 0.73        | -0.93 0.19 dia 0.73        |
| Denmark  | 13.20-13.25   | 13.20-13.25   | 0.1-0.2 pm    | 0.13 1.00-1.22 dia 0.45   | -0.13 1.00-1.22 dia 0.45   | 0.13 1.00-1.22 dia 0.45   | -0.13 1.00-1.22 dia 0.45   |
| W. Ger.  | 3.78-3.81     | 3.80-3.81     | 1.5-1.6 pm    | 5.51 4.1-4.1 dia 0.65     | -5.51 4.1-4.1 dia 0.65     | 5.51 4.1-4.1 dia 0.65     | -5.51 4.1-4.1 dia 0.65     |
| Portugal | 215.00-216.00 | 215.30-215.50 | 5.0-6.0 dia   | 24.57 2.20-2.50 dia 18.07 | -24.57 2.20-2.50 dia 18.07 | 24.57 2.20-2.50 dia 18.07 | -24.57 2.20-2.50 dia 18.07 |
| Spain    | 2,320-2,339   | 2,324-2,339   | 5.0-6.0 dia   | 3.82 2.10-2.20 dia 4.35   | -3.82 2.10-2.20 dia 4.35   | 3.82 2.10-2.20 dia 4.35   | -3.82 2.10-2.20 dia 4.35   |
| Italy    | 7.62-7.65     | 7.62-7.65     | 1.5-1.6 pm    | 1.71-1.75 dia 2.11        | -1.71-1.75 dia 2.11        | 1.71-1.75 dia 2.11        | -1.71-1.75 dia 2.11        |
| Norway   | 10.52-11.85   | 11.67-11.00   | 1.6-1.8 pm    | 1.62-2.20 dia 2.85        | -1.62-2.20 dia 2.85        | 1.62-2.20 dia 2.85        | -1.62-2.20 dia 2.          |

## LONDON STOCK EXCHANGE

## MARKET REPORT

Base-rate cuts prompt another upsurge in Gilts  
equity leaders also strong and index jumps 19.2

## Account Dealing Dates

First Dealing Last Account  
Dealing (Days) Dealing (Days)  
July 30 Aug 9 Aug 10 Aug 20

Aug 13 Sept 3 Sept 10 Sept 19  
Sept 3 Sept 13 Sept 14 Sept 24

"Now-time" dealings may take  
place from 9.30 am two business days  
earlier.

Investment confidence was  
high in London markets yesterday  
and Government stocks  
achieved extraordinary gains  
the largest since so far in the  
nine-day upturn before eventually  
reacting from the highest  
levels. Leading equities were  
convincing too and, although  
most blue chips settled a shade  
under the best, the FT Industrial  
Ordinary share index still  
jumped 19.2 to 848.3.

The second cut this week in  
clearing bank base rates—most  
leaders reduced their borrowing  
charges by another 1%—was not  
surprising. But the news gave  
impetus to markets already  
greeting with enthusiasm the  
euphoric overnight trends in  
U.S. financial markets. Investors  
there were optimistic about the  
outcome of the latest U.S.  
Treasury bond auction and also  
expected further contractions in  
money supply.

Gilt-edged securities, which  
began replying late on Thursday  
to the strength of U.S. bond  
values, opened sharply higher. A  
fresh wave of institutional buy-  
ing and the appearance of fur-  
ther overseas funds found  
supplies of stock scarce. All  
areas of the Gilt market became  
buoyant and longer-dated issues  
rose 3 points prior to meeting  
with profit-taking sales.

The subsequent announcement  
of more Government funding via  
a £750m issue of Treasury 10½ per  
cent 1992 payable £30 on tender,  
brought the customary halt to  
trading. When resumed, business  
was much lighter and London  
market sentiment generally soft-  
ened on reports of a national  
dock strike threat. The longs  
closed around 2 points up and  
the shorts nearly 14 higher on  
balance.

Equity market attention was  
completely absorbed by first-  
time dealings in Jaguar. Shares  
of the privatised car manufac-  
turer were heavily traded and  
the price after opening at 176p,  
rose to 181p before settling at  
179p, a premium of 14 on the  
offer-for-sale price of 165p. Funds  
returning from unsuccessful  
Jaguar applications helped swell  
business which continued after-

hours to leave many leading  
shares showing gains of double-  
figure amounts.

## Clearers improve

The major clearing banks  
eased higher despite the base  
rate cut. Barclays firmed 5 to 462p,  
Midland 7 to 340p and  
Lloyds 9 to 442p; all three will  
be quoted ex dividend on Mon-  
day. NatWest attracted good sup-  
port and rose 18 to 610p.  
The shares' 2% cover rights issue  
on Tuesday. Discount Houses  
were firm on the trend towards  
cheaper money. Unison were up 10  
889p for a gain on the week of  
43. Elsewhere, Brown Shipley  
rose 18 to 365p on news of the  
rights issues success. Hill Samuel  
gained 7 to 250p, while the new  
nil-pd. shares put on 5 to 13p  
premium.

Composite Insurances re-  
mained subdued, sentiment still  
unsettled by Commercial Union's  
poor first-half results. CU slipped  
to 185p before picking up to  
close 3 dearer, but still 20 lower  
on the week at 188p.

U.S. oil and gas exploration  
group Great Western Resources  
staged a highly successful mar-  
ket debut; with buyers influenced  
by the recent rise in crude oil  
prices, the shares opened with a  
useful premium of 25 over the  
offer-for-sale price of 160p and  
moved up to 220p prior to closing  
at 205p.

Breweries attracted "new-time"  
buying but often finished below  
their levels. Allied-Lyons, up to  
162p at one stage, settled only  
a penny dearer on balance at  
170p, although both Whitbread,  
170p, and Bass, 390p, retained  
gains of 5.

Leading Buildings attracted  
considerably more interest than  
of late. Blue Circle met with  
fresh support ahead of its interim  
results due later in the month  
and firmed 5 to 405p, while Redland  
gained the same amount to 335p with  
sentiment aided by a "buy" recom-  
mendation from brokers Zoete and  
Bevan. Debenhams responded to  
persistent dividend buying and  
closed 5 up at 187p; the shares  
will be quoted ex the dividend  
from Monday.

Hepworth buoyant  
Leading Stores finished the  
week on a firm note as investors  
continued to look encouragingly  
forward to the latest results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Hawker announced yesterday  
that it had extended its offer  
until August 16. Leading U.S.  
favourites showed to advantage.  
Glaxo advancing 2 to 942p and  
Beecham rallying 12 to 335p.  
Reed International were good at  
454p, up 18, while BTI improved  
to 465p and Hanson Trust 6 to  
216p.

Tate and Lyle moved against  
the trend in Foods, reacting on  
suggestions that it would have to  
increase the terms of its bid for  
Brooke Bond to stand a chance  
of success; there was also some  
disappointment that the formal  
offer document for BB did not  
contain a profits forecast for  
1983-84. However, once the initial  
driving dried up, the price began  
moving forward from the day's  
low of 355p and the close was  
only a penny cheaper on balance  
at 365p. Brooke Bond, a steady  
mark during the House session,  
moved forward after hours to  
close 2 firmer at 111p. Late  
demand prompted a gain of 8 at  
310p in Rowntree Mackintosh.  
Electricals made a distinctly  
firm showing. Buyers showed  
further interest in Thorn EMI,  
20 higher at 430p, and GEC  
Elsewhere, William Low gained

buying of ICI lifted the price  
to 610p before the close of a  
net-up 16 at 604p. Laporte firmed  
7 to 194a peak of 340p and  
Brent added 3 to 101p, the latter  
aided by Press comment.

Hepworth buoyant

Leading Stores finished the  
week on a firm note as investors  
continued to look encouragingly  
forward to the latest results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Hawker announced yesterday  
that it had extended its offer  
until August 16. Leading U.S.  
favourites showed to advantage.  
Glaxo advancing 2 to 942p and  
Beecham rallying 12 to 335p.  
Reed International were good at  
454p, up 18, while BTI improved  
to 465p and Hanson Trust 6 to  
216p.

Tate and Lyle moved against  
the trend in Foods, reacting on  
suggestions that it would have to  
increase the terms of its bid for  
Brooke Bond to stand a chance  
of success; there was also some  
disappointment that the formal  
offer document for BB did not  
contain a profits forecast for  
1983-84. However, once the initial  
driving dried up, the price began  
moving forward from the day's  
low of 355p and the close was  
only a penny cheaper on balance  
at 365p. Brooke Bond, a steady  
mark during the House session,  
moved forward after hours to  
close 2 firmer at 111p. Late  
demand prompted a gain of 8 at  
310p in Rowntree Mackintosh.  
Electricals made a distinctly  
firm showing. Buyers showed  
further interest in Thorn EMI,  
20 higher at 430p, and GEC  
Elsewhere, William Low gained

Secondary Stores had their  
best session for some time,  
although once again, rises were  
often distorted by stock short-  
age. J. Hepworth were outstand-  
ing, 17.2 to 22.46, while Hawker  
firmed 4 to 50p on the encouraging  
interim figures. Occasional moves  
elsewhere included Simon, 10 to  
the god at 385p. Day Cor-  
\$100px 9c wa 150-90

pushed ahead to close 11 dearer  
at 216p. Plessey, however, were  
relatively subdued, but closed 6  
firmer at 220p. Elsewhere, Racal's  
bid for Chubb prompted specula-  
tive demand for Automated  
Nurseries, which advanced 15 to  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen, in contrast, fell  
away to 220p before closing 16  
off on balance at 31p following  
poor nine-month period results.  
Standard Telephones and Cables  
rallied 14 to 282p, but ICL, avail-  
ing an increased offer from GEC,  
172p. Arlen,







**Clear-A-Debt Ltd**  
Credit Management Consultants  
**THE ETHICAL  
PROFESSIONALS**  
**01-683 0141**

# **FT LONDON SHARE INFORMATION SERVICE**



## MAN IN THE NEWS

## Inspector from Hong Kong

BY RAY MAUGHAN

MR JOHN GRIFFITHS, QC, CMG, is rather surprised by his report for the Department of Trade and Industry into House of Fraser. He should know better. When the topic is Britain's largest department store group and its squalid relationship with Lonrho, the findings are going to be combustible, to say the least.

His chapter headings alone are enough to sharpen all but the most jaded palates. Who could resist discovering more about "The Blackmail Allegation" or "The Agreement at Troon."

What caused "The Agitation over Registration" and how was "The Mystery of the Photostat" resolved? The Inspector does his best to tell all and lays out his findings (about alleged concert parties with a sureness of touch which suggests that the Cambridge University sports magazine "Light Blue" would have been a good read under his editorship). A more recent writing foray was the keynote chapter in the publication



John Griffiths

"Hong Kong 1983" where as Attorney General of the colony and, as such, a Cabinet member, he set out to explain that "the rule of law is absolutely critical to the future of Hong Kong".

Relaxing yesterday in his Middle Temple chambers, he described his four-year stint in Hong Kong as "a marvellous experience, the most interesting phase of my life."

"We could get legislation through so quickly. I redrafted the Hong Kong Moneylenders Act, which was designed to cure loan sharking in 10 months and that included mounting a raid by 200 policemen. The whole process would have taken 10 years in the UK."

He first went to the colony in 1973 to prosecute an alleged supplier of heroin for the Man (but "he cut out for Taiwan"). Other cases he supervised included an insider dealing prosecution and a celebrated commodity "scam" which removed the trading licence of the chairman of the local association.

Mr Griffiths' appointment and his subsequent analysis of House of Fraser's tortuous liaison with Lonrho have inevitably provoked criticism from Lonrho's "tiny" Rowland—the "consummate wheeler-dealer" in Mr Griffiths' own words—that the Inspector was the wrong man to conduct the inquiry."

But the whole of Mr Griffiths' bar experience, coloured as it is by his business experience in Hong Kong, seems to have pointed the inspector towards this most intricate and intransigent of corporate confrontations. He remembers particularly that, in the last half of his Hong Kong sojourn, the Colony's real estate market was falling about its ears. What he could not learn of high finance from his invaluable on the spot experience he could pick up, as he says, from the "visiting London merchant banking firemen" sent out to pick what clients they could out of the ruins. As he recalls, "those bankers were obsessed about their jobs. They were not going to talk to me just about gardening."

It is right, as Lonrho alleges, that the Inspector knew nothing of the intricacies of UK corporate takeover practice when taking on the assignment. Absolutely true, Mr Griffiths acknowledges: "I knew little about the minutiae of the Takeover Code before I started. But I have spent the past 25 years taking on very detailed briefs. I made sure that that would be briefed by the Takeover Panel."

As a prominent QC, having taken silk in 1972, Mr Griffiths would be loth to repeat the experience. "I've done my public duty and I would take a bit of persuading to do this sort of thing again." So he stands by his findings. "I know I got it right."

## Government acted in fear of oil market 'collapse'

BY RICHARD JOHNS AND IAN HARGREAVES

THE GOVERNMENT feared "the collapse of the oil market" when it intervened secretly last week to press leading oil companies to help shore up oil prices.

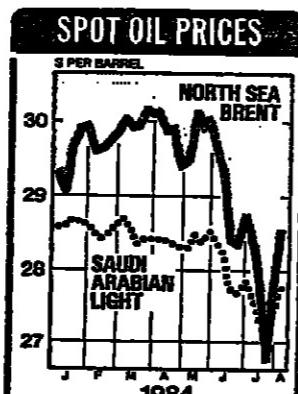
The Government's move is now seen as a critical factor behind the recovery and stabilisation of the oil market, where the spot price for key North Sea crudes has risen \$2 a barrel since the low point 10 days ago.

Mr Alick Buchanan-Smith, Minister of State for Energy, wrote to leading oil companies with UK producing and refining interests late last week after Sheikh Ahmed Zaki Yamani, Saudi Arabia's Minister of Oil,

had held secret consultations with the Government on July 31.

The Energy Department refuses to acknowledge the existence of the letter, which is reported to say: "We believe that oil companies and the UK as a whole have a common interest in maintaining the stability of world oil prices."

A reduction in the BNOC price before it is clear if the current surplus of oil on the market is more than a temporary phenomenon could represent an avoidable loss of income for us all with a risk that competitive price reductions could lead to the collapse of the oil market.



"For this reason I am seeking the support of your company on avoiding pressuring BNOC to cut prices during the next few weeks."

The letter went to eight or nine companies. The move was unprecedented. The Government has doggedly preserved the fiction of respecting market forces and of not acting in concert with the Organisation of Petroleum Exporting Countries.

At last month's Opec ministerial conference, Sheikh Yamani undertook to win the collaboration of non-Opec producers to the collapse of the oil market.

## Kemp, Mitchell opts for closure

BY ALEXANDER NICOLL

KEMP, MITCHELL, a small stockbroking firm which has been under investigation by the Stock Exchange since it was suspended from trading two weeks ago, is to close next month.

The decision to close the firm, announced yesterday, was a defeat for Mr Alan Kemp, a senior partner, who has been fighting to have the suspension lifted. The firm, which has four partners and some 40 staff, said it would settle all outstanding obligations before it closed on September 7.

Its suspension followed a visit from Mr Robert Wilkinson, the Stock Exchange inspector, who spent two days at the broker's offices.

There has been no suggestion that Kemp, Mitchell was suffering

any financial problems—Mr Kemp has said that the firm was "highly profitable" and that no client was in danger as a result of the trading ban.

The Stock Exchange has previously suspended only a handful of firms pending an investigation—the last was Halliday, Simpson, a Manchester broker barred from trading in 1981.

After an inquiry, four partners were expelled from exchange membership.

Mr Kemp, who commented previously: "They seem to have suspended the whole dormitory because one chap had not cleaned his teeth," was said by an employee to be too distraught to comment after yesterday's announcement.

## NUM Continued from Page 1

vandalism, said he was "not prepared under any circumstances to condemn the members who are only fighting for the right to work."

He looked to the TUC Congress in September to give "total support" to the union because it was carrying out TUC policy of fighting for jobs and opposing the Government's employment legislation. However, he said he would "wait and see" what the unions' actions to support the NUM would be after the congress had ended.

He repeated that the union stood ready for fresh talks at any time, but gave no hint that these might be forthcoming.

Margaret van Hattem writes: Mr Walker said after the Sheffield meeting: "The public were investigating a suspected arson attack on the sports car of a working miner from Bevercotes colliery."

News broadcasts by the independent radio station at Nottingham, Radio Trent, were blotted out electronically by supporters of striking miners. The song "Jerusalem," followed by a call to working miners to stop crossing picket lines, was heard instead of the news.

The minister said that Mr Scargill's claim, that support for

the strike was solid, was utterly absurd. One in three miners had remained at work and, he said, "it is well known that the great majority would be at work if only they were given the opportunity." If Mr Scargill really believes that support for the strike is solid, why are NUM funds being used to pay for mops to prevent men from going to work?

Philip Bassett writes: In South Wales, Mr Monty Morgan, a miner who works at Garw Colliery near Bridgend, failed to get into work yesterday after striking miners had picketed his home. But he said he would try again on Monday.

Police in Nottinghamshire

were investigating a suspected arson attack on the sports car of a working miner from Bevercotes colliery.

News broadcasts by the independent radio station at Nottingham, Radio Trent, were blotted out electronically by supporters of striking miners. The song "Jerusalem," followed by a call to working miners to stop crossing picket lines, was heard instead of the news.

The stock's popularity with foreign investors may also help to keep sterling firm.

## Markets Continued from Page 1

the Bank pushed interest rates down as hard as it did because sterling is now clearly exposed to any bad news."

On the other hand officials are drawing parallels with the financial markets in August 1982 when base rates fell from 12 per cent at the beginning of the month to 10½ per cent on August 31 without ill effects on sterling.

It was not until November, when base rates were down to 9 per cent, that sterling started to slide. The authorities were then obliged to defend the currency by allowing rates to be raised to 10 per cent, with a further rise to 11 per cent in

January of last year.

The new gilt-edged stock announced yesterday is a 10½ per cent Treasury Convertible 1992 to be paid 30 per cent on tender, 30 per cent on September 10 1984 with the balance in October.

It is the first new stock since 1977 that is tax free to non-residents. The Bank's purpose is clearly to give a higher effective interest rate to foreigners without the need to push yields on British bonds generally.

The stock's popularity with foreign investors may also help to keep sterling firm.

## Jaguar Continued from Page 1

involving cheques which had already been cashed particularly angered the stags.

Investors also complained because Jaguar's parent company, BL, issued refunds on most outstanding balances of cashed cheques from an account at Knutsford in Cheshire, where Barclays' new issues department is based.

Cheques take three working days to be cleared, except when issued by the City-based clearing banks. So cheques received by investors yesterday will not be credited to accounts until Wednesday.

BL has been earning around £500,000 a night in interest on

the cashed cheques.

Mr Robert Dutton, of Hill Samuel, said BL used the country clearing system as credit protection. All cheques below £10,000 take three days to clear wherever they are issued. With those made out for more than £10,000, BL matched country cheques with country cheques. In this way it attempted to prevent investors from fraudulently cashing Barclays' town cheques within 24 hours while their own, not backed by funds, would take three days to be credited.

Some investors' cheques have not been honoured and their share allotments have consequently been cancelled.

## Australia and China sign steel accord

By Ian Rodger

CHINA has signed an agreement with Australia for co-operation in the iron and steel industry. The first joint initiative could be a £65m-£130m iron-ore mining venture in Western Australia with Hamersley Iron, a company in the Rio Tinto-Zinc group.

The accord was signed in Canberra by Lin Hua, China's Vice-Minister for Metallurgical Industry, and Mr Lionel Bowen, Australia's Trade Minister.

It commits the two countries to co-operation in all aspects of the industry, including exploration,

mining, processing of raw materials, trade investment in each other's industries and technology transfer.

Australian officials said the agreement was a step toward eventual integration of the two countries' steel industry. Mr Bowen said he expected it to be the forerunner of enormous development in the U.S.

Even if all the signs are pointing in the right direction, the Bank will want at all costs to avoid the roller-coaster movements which have sometimes characterised base rate changes in the past. It will need to be confident that a 10 per cent rate is sustainable before endorsing the market's optimism.

Yesterday's new tap stock provides some insight into the Bank's more even-handed approach. The latest National Savings issue has been a runaway success and the authorities have been selling gilts over fast in the latest banking month, so there was clearly no pressure to issue stock for funding purposes.

Indeed, the authorities have made that as clear as can be by tossing the first call into the next banking month and staggering the subsequent payments.

It emerged yesterday that the proposal from Hamersley, which is already a major supplier of iron ore to China, had been accepted. The China Import and Export Corporation and the company have agreed to conduct a feasibility study on a joint project at Channar, 600 miles north of Perth.

The proposed mine would be 12 miles east of Hamersley's Paraburdoo mine and so would use some existing handling and processing plant. The ore body, on which Hamersley holds the lease, would take about two years to develop and would yield 5m tonnes a year initially, rising to 10m tonnes.

All output would go to China

and would be in addition to that which Hamersley already supplies

to China's iron and steel plants since its misadventures with cash registers and then cash dispensers blighted the savings record five years ago. So this week's strange goings on in the Chubb share register tumbled quite naturally into reverse by pricing the new issue.

The BP venture will keep the company busy until 1987. It will be forced to withdraw from the contest for a Defence Ministry order to replace the trooper ship Sir Galahad, which was destroyed in the Falklands war. The replacement is required during 1988.

The repeat order would provide work for about 1,400 of the shipyard's 5,500 employees over about 18 months and would take up all slack in the steelworking trades at the yard.

The corporation said yesterday that it was in preliminary discussions with Harland and Wolff. It gave no indication when a decision might be made.

The vessel would be a sister ship to the 170,000-tonne coal

and ore carrier British Steel, ordered from Harland and Wolff in 1982 and now due to be handed over.

The contract would boost the yard's order book to about £240m and put it in its healthiest position for many years.

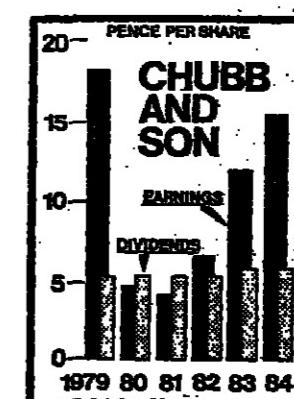
The BP venture will keep the company busy until 1987. It will be forced to withdraw from the contest for a Defence Ministry order to replace the trooper ship Sir Galahad, which was destroyed in the Falklands war. The replacement is required during 1988.

With all the same concentration in fixed-interest this week, the equity market was

## THE LEX COLUMN

## Doing things by halves

Index rose 19.2 to 846.3



happy just to coast along in the slipstream. The rise in gilts, which has added almost 5 per cent to the FT All Stocks Index over the past nine trading days, has narrowed the yield differential with equities to just above 6 per cent. In theory, it might now justify some re-rating of equities relative to gilt yields.

But the general mood in equities is cautious. An encouraging set of results from the engineering sector this week drew precious little response from the market and the summer punters are in any event too caught up with the present attack of bid fever to bother about something so sterile as the yield gap. Chubb's emergence as a bid target yesterday was hardly a great surprise, but almost any company at the moment apparently runs the risk of attracting speculative attention. More than a handful of industrialists—and merchant bankers—must be questioning the wisdom of going away on holiday this year.

If Racal succeeds without chasing the price much higher—which might be hard if, for example, Lord Weinstock were to reply to the poker game which made Decca such an expensive buy—there should be little or no dilution in the first year.

**Jaguar**

The market gardener departments at Hill Samuel and Barclays evidently did a thorough job of weeding out the multiple applications on the Jaguar subscription list. There were a few complaints yesterday that they had trampled over genuine flower beds in the process, but the odd misjudgement is a very small price to pay for what has turned out as a highly successful issue.

The offer was pitched into a volatile stock market at a time when the dollar's strength was forcing analysts to revise their Jaguar earnings forecasts almost hourly. But yesterday the share price glided to a premium which left honour satisfied all round and then stayed there. There was no doubt an element of luck in this immaculate performance but Hill Samuel can justifiably take the credit. The